

Yen's Surge Alters Face of Asia Race to Be the 'Next Japan' Brings New Wealth, Alliances

By Nicholas D. Kristof... A number of Asian nations are scrambling to snatch industries from Japan and attract its investment capital. The race is on to become the next Japan.

By far the biggest beneficiaries have been Asia's four newly industrialized countries: Hong Kong, Singapore, South Korea and Taiwan.

Odake, the chairman of Mitsubishi Corp.'s Hong Kong subsidiary... The yen has appreciated about 80 percent against the dollar since its trough on Feb. 22, 1985.

Kiosk MX Guidance Called Flawed

WASHINGTON (AP) — The guidance system on the MX nuclear-tipped missile has had so many problems that there are "serious questions of confidence" in the 22 weapons already deployed.

Ex-Auto Driver Killed In Powerboat Race

POOLE, England (AP) — Didier Pironi, 35, a former Formula One motor racing driver, was one of three Frenchmen killed Sunday near the Isle of Wight in an international powerboat race.

Paul Molitor of the Milwaukee Brewers, acknowledging a hit Friday, extended his streak to 38 games Sunday.



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GENERAL NEWS

The contras accepted the Guatemala peace plan, but vowed to stay armed. Page 3. An elusive Gary Hart shows up at a Dublin stadium. Page 5.

FAA Seeks To Regain Public Trust

WASHINGTON — The head of the Federal Aviation Administration said Sunday that public confidence in airline safety must be recaptured following the crash of a Northwest Airlines plane last week.

Mr. McArtor said that before the crash in Detroit on Aug. 16 in which 156 people died, 800 million passengers had flown on 12,000 scheduled U.S. flights for nearly two years without a fatality.

Now is the time to get involved," he said, "to start hiring more air-traffic controllers, get them trained, get them into the facilities where they need to be. See AIRCRAFT, Page 2



Striking Daewoo Shipyard and Machinery Ltd. workers demonstrating Sunday outside the hospital where a fellow worker died. The young worker had been hit by part of a tear gas grenade during labor unrest on the island of Koje.

Action in Gulf and Reaction at Home Sent U.S. Fleet to 41 Combat Ships

WASHINGTON — President Ronald Reagan decided in March to protect Kuwait's oil tankers in the Gulf after being told by his senior cabinet advisers that it could be done without any increase in U.S. naval forces there.

U.S. in Gulf For 'as Long As Needed'

WASHINGTON — Richard W. Murphy, assistant secretary of state for Near Eastern and South Asian affairs, said Sunday that the increasing U.S. military presence in the Gulf would continue "as long as it is needed."

As Reagan Clout Fades, Aides See a New Agenda

By Steven V. Roberts... Iran-contra hearings was a very realistic analysis of what it means to deal with a Democratic Congress.

Insect Sleuths Harvest Fruit of a Bug-Eat-Bug World

By Robin Herman... A good number of the insect pests that we are trying to control in the United States came from Europe.

Instead of repeated sprays of costly chemicals, once a parasite takes hold, the farmer may never have to spray again.

at the University of California's agricultural experiment station. "The state has basically decided the bug is here to stay. We want to get this thing before it spreads. It's just in the Sacramento area now, but it will spread over the state."

Restraint By Seoul Is Urged

Party Regrets Worker's Death; Strikes Continue

By Fred Hiatt... SEUL — The ruling party expressed regret Sunday over the "extremely unfortunate" death of a young shipyard worker and urged the government to show "maximum patience and restraint" in handling the labor unrest in South Korea.

More than 1,000 fellow shipyard workers on the southern island of Koje surrounded the hospital where Lee Sok Kyu, 21, died Saturday after a clash between protesting workers and riot policemen.

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Neo-Nazis Converge on Site of Hess Burial

Visitors, standing Sunday outside the cemetery in Wunsiedel, West Germany, where Rudolph Hess is to be buried on Wednesday. Only local residents were allowed inside by police, who have detained 88 people in the last two days as hundreds of neo-Nazis and other radicals began gathering for the interment of the Nazi leader.

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Anglo American Corp. Vows to Dismiss 16,000

JOHANNESBURG — The mine strike in South Africa went into its third week Sunday with 16,000 more black workers facing dismissal.

The confrontation between black workers and the white-owned companies intensified when the National Union of Mineworkers announced that its members would not yield to a threat to carry out the biggest dismissal of the dispute.

Anglo American Corp. said it would fire 16,000 men at four of its gold mines if they did not report for work Monday.

Marcel Golding, a union official, said, "The men have decided not to accept the ultimatum."

The National Union of Mineworkers ordered the strike by about 300,000 workers to back de-

mands for higher pay and improved working conditions. An estimated 11,000 strikers have already been dismissed. Over the weekend, groups of dismissed workers left for their homes in tribal homelands or neighboring black states.

Anglo American is threatening to close one gold mine shaft at Western Holdings in Orange Free State, the world's largest gold mining complex. It is also threatening to close two other shafts, at Sasep and Vaal Reef.

The mining industry accounts for more than 60 percent of South Africa's export income.

The Labor Monitoring Group, an independent organization that monitors labor developments, estimated that three of the biggest mining companies had so far lost 190 million rand (\$95 million) in pretax profits.

Their report said it was probably costing the three companies — Anglo American, Gemcor and Johannesburg Consolidated Investments — more in lost profits than it would cost to meet the union's wage demands.

Mr. Golding said that the union had not expected the dispute in last two weeks. "There is no predicting how long it is going to take now," he said.

The union, striving to close the big gap between the pay of black and white miners, is seeking a 30-percent wage increase.

Hertz to Divest
Hertz Corp., a U.S. car rental company, announced that it would pull out of South Africa over the next 18 months and would transfer its operations to a local company, Agence France-Press reported from Johannesburg.

A Hertz statement Saturday said the company would turn over its operations to Imperial Car Hire and that the Hertz name would be dropped.

Since 1984 more than 100 U.S. firms, including International Business Machines Corp. and General Motors Corp., have pulled out of South Africa because of anti-apartheid pressure.

Dialogue Reaffirms U.S.-Sweden Ties

By Steve Lohr
New York Times Service

STOCKHOLM — The United States is Sweden's second-largest trade partner, thanks to brands like Volvo, Saab and Electrolux. Most Swedes have relatives in America, and Swedes speak American English, watch American movies, read American books and listen to American music.

Despite the close cultural and economic ties, however, political relations between the two nations have at times been acrimonious, fountaining over the years on such issues as Vietnam, Nicaragua and disarmament.

Recently, relations have improved markedly — a fact that will be formally underlined early next month when Prime Minister Ingvar Carlsson goes to Washington for the first state visit to the United States by a Swedish prime minister in 26 years.

"The relationship has been transformed," said Gregory J. Newell, the U.S. ambassador in Sweden. "We've replaced public crossfire with sitting down for a reasoned dialogue."

Both governments stress that the invitation to Mr. Carlsson is not a personal one and that the process of mending diplomatic relations between Sweden and America began shortly before he became prime minister, following the still-unresolved assassination of Olof Palme on Feb. 28, 1986.

Yet, most political observers here agree that Mr. Carlsson's more restrained style and over-



Ingvar Carlsson

riding concern with domestic issues has eased the diplomatic reconciliation with Washington. The flamboyant Mr. Palme, by contrast, was known for his fiery rhetoric and a preference for the international arena, leading anti-Vietnam rallies and sharing the speakers' platform with Nicaraguan leaders.

"With Carlsson, the tone has changed somewhat and that has helped smooth relations with Washington," observed Nordin Akerman, a director of the Swedish Institute of International Affairs, a government-supported research organization.

But while the style and presentation may have changed, Swedish policies generally have not. In an interview, Mr. Carlsson noted that differences between the United States and Sweden re-

main, particularly over American policy toward Nicaragua.

"We think the U.S. is breaking international law," he said, "and we regret the support of the contrast."

"So there are areas where we still disagree," Mr. Carlsson added, "but this will not prevent a dialogue."

Noting that the 26-year gap between state visits is a long interval for "friendly nations," the prime minister observed that "the normal situation is that we should have good relations."

American officials emphasize that Mr. Carlsson's trip to Washington on Sept. 9 is "not a tickle-punching visit," but will include a state dinner and ceremony on the White House south lawn, in addition to discussions with President Ronald Reagan, Secretary of State George P. Shultz and other top officials.

Of the Washington trip, Mr. Carlsson said, "For me, it's of great importance."

Of particular interest to Sweden — a neutral nation that campaigns internationally for disarmament — are the negotiations between the United States and the Soviet Union aimed at eliminating medium-range nuclear weapons in Europe.

A superpower pact on medium-range missiles, Mr. Carlsson said, would "be an enormous step forward," which would likely enhance the image of the Reagan

WORLD BRIEFS

U.S. Denies Report on Gorbachev Visit

SANTA BARBARA, California (Reuters) — The White House denied on Sunday a report that Mikhail S. Gorbachev, the Soviet leader, planned to attend the United Nations General Assembly meeting late next month in New York and then go to Washington to meet with President Ronald Reagan.

In a report from Washington, the Los Angeles Times quoted sources as saying that if an agreement were reached beforehand, the two leaders would sign an arms accord at a summit meeting in the United States. But Mr. Gorbachev is still prepared to visit Washington to negotiate an agreement with Mr. Reagan, the sources were quoted in the paper as saying.

"We don't have any knowledge of any such plan," a White House spokesman said in Santa Barbara, where Mr. Reagan is vacationing.

Taiwan May Approve Visits to China

TAIPEI (AP) — A newspaper in Taiwan reported Sunday that the government is expected to give its approval to citizens of Taiwan entering China from third countries on family visits.

The newspaper United Daily News said the authorities agreed months ago to facilitate the family reunions, saying the visits did not conflict with the government's policy of no contact with Beijing. Taiwan will either announce regulations governing the visits or unofficially approve the visits next month, according to the report.

The newspaper also said Taiwan was considering the possibility of arranging the visits through international organizations, such as the Red Cross. Taiwan residents now commonly visit their relatives in China through third countries, although the visits are officially forbidden.

Shots Fired at California Patrol Car

SACRAMENTO, California (UPI) — A California Highway Patrol officer became the latest person to be shot at on California highways when a gunman in a pickup truck fired four or five shots at his patrol car, it was reported Sunday.

A spokesman for the California Highway Patrol, Richard Perez, said that the shots fired Saturday night missed the patrol car. The officer chased the truck and arrested three men a few minutes later. The incident happened on the Sierra Highway about 28 miles (about 45 kilometers) north of Los Angeles.

Three persons have been killed and eight wounded in at least 42 roadway shootings in southern California since June 18. In an effort to control the violence, Governor George Deukmejian proposed on Saturday a \$29 million increase in the Highway Patrol's budget to add 150 officers and to provide for overtime pay.

UN Conference Opening Without U.S.

WASHINGTON (NYT) — A United Nations conference is opening Monday in New York without the participation of the United States, which is boycotting it. The conference is to examine how money saved by disarmament could stimulate economic development, particularly in the Third World.

The United States is refusing to attend because it considers disarmament and development separate issues and rejects any suggestion that developing nations have a claim on money that might be freed by cuts in Western military spending.

So far, 128 countries, including all the other members of the North Atlantic Treaty Organization and the members of the Warsaw Pact, have agreed to attend the three-week International Conference on the Relationship Between Disarmament and Development.

Polisario Says It Downed Morocco Jet

ALGIERS (AFP) — The Polisario Front, fighting Morocco for control of the Western Sahara, said here Sunday that its guerrillas downed a Moroccan F-5E jet and killed 195 troops in a four-hour assault Friday.

The attack broke through a Moroccan defensive wall on the southern front of the Western Sahara at Adhim-Oum Elouad in the Acousser region, a Polisario communiqué said. It said 35 Moroccan were taken prisoner and a large amount of heavy weaponry was destroyed or captured.

The operation was the biggest by the Algerian-backed Polisario in more than a month. A four-day offensive begun July 9 was aimed at the same barrier, erected by Morocco in an effort to cut the Polisario off from the Atlantic Ocean.

Barcelona Air Controllers End Strike

PALMA DE MAJORCA, Spain (Reuters) — A 24-hour strike by Spanish air traffic controllers in Barcelona ended Sunday but the country's busiest summer airport, Palma de Majorca, was still in chaos.

Thousands of vacationers, mostly West Germans and Britons, were still waiting for flights that had been delayed Saturday. Of the Spanish Mediterranean airports, Palma was the worst hit by the strike, which was called over a pay dispute. Another strike has been called for next Saturday.

"It's chaos here," said a spokesman for a West German charter company, Lufthansa Condor. "It looks like a refugee camp." Several charter companies said that the traffic flow through the Barcelona control area was not yet improving and that flights would be disrupted until Monday.

As oil slick about a mile long has washed up on a beach near Cadiz in southwestern Spain, covering bathing, sailboats and small boats in tar, the authorities said Sunday. Swimmers were advised not to go in the water until a cleaning operation had ended.

The Egyptian government is planning to set traps off nine Mediterranean and Red Sea resorts to prevent jellyfish from reaching the shore, the newspaper Al-Ahram quoted an Egyptian minister, Adel Ebeid, as saying Sunday. The plan is aimed at reducing an excessive amount of jellyfish that have arrived on Egyptian beaches this summer.

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Liberia, Romania.
- TUESDAY: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Paraguay, Syria, Uruguay.
- WEDNESDAY: Indonesia, Malaysia.
- THURSDAY: Hong Kong.
- SUNDAY: Turkey.

Source: Morgan Guaranty Trust Co. Reuters.

Thousands Strike Yugoslav Factory, Seek 100% Raise

BELGRADE — Thousands of workers, calling for a 100-percent pay increase and cuts in administrative staff, have gone on strike at one of the largest factories in Yugoslavia, Belgrade newspapers have reported.

The strike in the footwear and rubber products factory in the northern town of Borovo began on Wednesday when 250 workers in one part of the factory stopped work. About 4,000 others, out of a total work force of 23,000, joined the stoppage on Friday.

The latest official figures put the annual inflation rate in Yugoslavia at 105.5 percent, but economists say that sharp increases in the prices of bread, meat and other foods in recent days have pushed the rate much higher.

The newspapers said the workers had set up a strike committee and had complained at a meeting that, with an average monthly wage of 100,000 dinars (about \$130) they could not make ends meet.

Rescue Fails in Bangladesh

DHAKA, Bangladesh — Thirty-one persons were missing and feared drowned Sunday after a boat, which had rescued villagers marooned by flooding, capsized in western Bangladesh, press reports said.

The boat sank Saturday after picking up flood victims in the western district of Naogaon, the reports said.

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Denmark	1,200	1,400	770
Finland	1,200	950	520
France	1,500	680	480
Germany	980	320	175
Great Britain	130	72	40
Greece	22,000	12,000	6,000
Ireland	150	82	45
Italy	280,000	210,000	115,000
Luxembourg	11,500	6,300	3,400
Netherlands	650	340	195
Norway	1,800	990	540
Portugal	22,000	12,000	6,000
Spain	22,000	14,000	8,000
Sweden	1,800	990	540
Switzerland	510	280	154
Rest of Europe, North Africa, former French Africa, Middle East	430	230	125
Rest of Africa, Gulf States, Asia	300	320	175

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SKIDDING TO SAFETY

Several persons were slightly injured using the emergency chutes after a Trans World Airlines jet with a jammed right landing gear was diverted from an airport in St. Louis, Missouri, to nearby Scott Air Force Base, where it landed safely on its two remaining sets of wheels. There were 164 people aboard the Boeing 767.

AIRCRAFT: FAA Cites Need to Regain Public Confidence in Safety

(Continued from Page 1)
The president of American Airlines, Robert L. Crandall, criticized Continental Airlines for treating its employees poorly, a situation that he said could result in unhappy workers who pay less attention to maintenance and safety.

"I think you've got some airlines whose managements have, frankly, tried to take advantage of the people of the airline," Mr. Crandall said on the television show.

Asked which airlines he meant, Mr. Crandall named Continental, noting that the airline had gone through bankruptcy proceedings and had cut its workers' pay in half.

"I don't think they have treated their people fairly," he said, adding that Eastern Airlines also is "trying to squeeze down" on its workers.

He also said that the number of airline takeoffs and landings might be temporarily cut while more money is being spent from a federal tax trust fund that has a \$5.6 billion surplus earmarked for improving airports and airline safety.

New Restrictions Planned
Andrew Rosenthal of The New York Times reported earlier from Washington: Responding to concern over a sharp increase in near-collisions in flight, the Department of Transportation has named nine more U.S. airports, including some of the fastest growing in the United States, where it plans to extend tight restrictions on air traffic.

The announcement Saturday by Transportation Secretary Elizabeth H. Dole would require that all planes, no matter how small, that fly near those airports be in contact with flight controllers on the ground. Currently, 23 airports are covered by these restrictions.

Mrs. Dole also said the FAA had issued a proposed rule that would require all commercial aircraft with more than 20 passenger seats to carry a device that transmits its altitude to air traffic controllers. Only half of the 200,000 small private planes in the United States are so equipped, and the equipment is required only at the nine busiest U.S. airports.

U.S. Air Travelers Appear Unfazed by Rash of Mishaps

New York Times Service

NEW YORK — U.S. air travelers seem to have taken in stride the recent rash of near-collisions and off-course planes, as well as the fatal crash of a Northwest Airlines jetliner near Detroit. Consoling themselves with reasoning ranging from fatalism to calculations on the risks of flying and driving, travelers at airports in five cities indicated last week that they were unlikely to change their travel plans.

Their comments reflected a high degree of awareness about the more dramatic incidents, however, and many passengers could cite details of investigations into them. Some said they would probably avoid DC-9 planes for a while. The jet that crashed Aug. 16 was an updated version of the DC-9.

Some suggested that it was safer to fly after a serious accident. Jeff Stephens, 29, a publishing company sales representative, noting that safety consciousness seemed sharper after an accident, said: "If you go by without an airline disaster, a degree of complacency sets in."

"Marilyn and my husband," said William E. Mahoney, 44, an insurance broker. Referring to the powerful air currents cited in several crashes in recent years, he added: "I find myself thinking about wind shear, and six months ago I couldn't even spell it."

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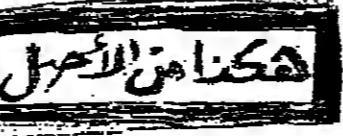
DOONESBURY WHY THE HELL WENT YOU AND THAT LAST CONGRESSMAN TO DR. ANDERSON'S?

...BUT DID MY TOP GUYS TAKE OFF FOR THE HARMONIC CONFERENCE?

LISTEN, SAL, NO MORE HIPPIE HOLIDAYS! IF YOUR PEOPLE WANT TO CARRY ON WITH SPOONS, LET THEM DO IT ON THEIR OWN TIME! GOT IT?

EXCUSE ME, SIR, THERE'S A HILLMAN CASE HERE TO SEE YOU.

UH... LET ME GET BACK TO YOU, SAL...



U.S. Officials Say Saudis Agree to More Support For U.S. Planes in Gulf

By John M. Goshko and Jeffrey R. Smith
Washington Post Service

WASHINGTON — Saudi Arabia has agreed to provide expanded landing rights and refueling support for U.S. aircraft engaged in Gulf military operations, according to U.S. officials and diplomatic sources.

Some sources also said that Kuwait, formerly the strongest opponent among Arab states of superpower military involvement in the Gulf, had offered refueling aid for U.S. planes involved in the navy escort of Kuwaiti tankers under U.S. registry.

U.S. Presses For Improved Ties to Syria

By Neil A. Lewis
New York Times Service

WASHINGTON — The Reagan administration is engaged in an intensive effort to improve relations with Syria, according to U.S. officials, who cited Syria's significant influence over events in the Middle East.

A fresh indication of the effort is a letter sent last week by Secretary of State George P. Shultz to the Syrian government thanking it for its efforts to bring about the release of Charles Glass, the American journalist who gained freedom from captivity as a hostage in Lebanon on Wednesday.

Vernon A. Walters, the chief U.S. delegate to the United Nations, already had telephoned a message of thanks to President Hafiz al-Assad of Syria, according to State Department officials.

President Ronald Reagan also sent Mr. Assad a message expressing appreciation for help in securing freedom for Mr. Glass, the Syrian news agency SANA reported.

The eagerness to credit Syria with a role in Mr. Glass's release is occurring even though officials acknowledge they are unsure if Damascus played any role in the event. There is a lively discussion among some officials over the plausibility of Mr. Glass's assertion that he escaped without any intervention.

But U.S. officials say they are confident Syria made great efforts to see that Mr. Glass was freed.

"It is very interesting that he was the only one about whom the Syrians felt very strongly and he is the only one who happened to escape," an official said, suggesting a link.

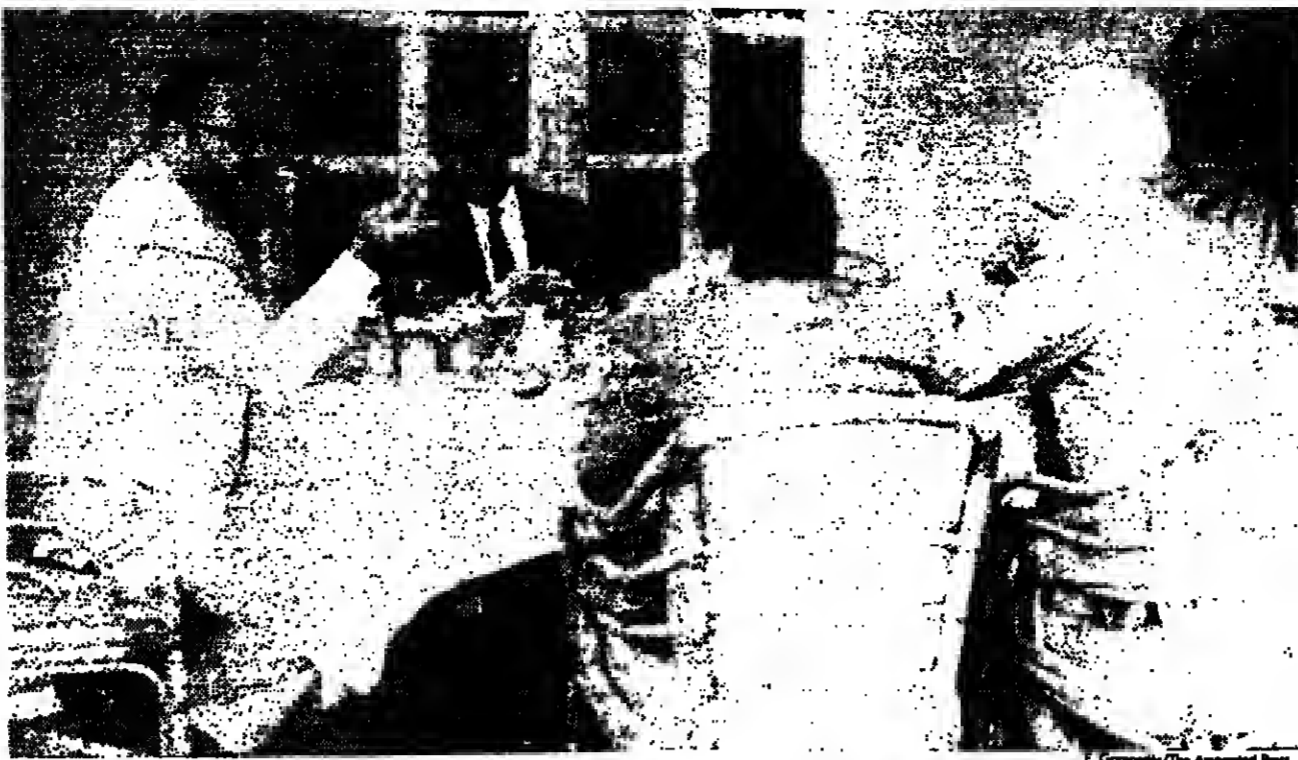
The Syrians were especially eager to have Mr. Glass released because he was the only U.S. hostage to have been abducted after Damascus moved troops into West Beirut on Feb. 22. The Syrian authorities said they treated the abduction as "an unacceptable challenge" and asserted control of the region.

The United States also is sending its ambassador, William L. Eagleton Jr., back to Damascus next month. Mr. Eagleton was withdrawn on Oct. 4 in a show of support for Britain, which accused Syria of complicity in an attempt to place a bomb on an Israeli jetliner in London in April 1986.

Officials were emphatic that the decision to return the ambassador was undertaken before Mr. Glass's release.

But it is noteworthy, according to officials and diplomats, that Washington will be returning its ambassador while London has made no move to restore normal relations with Syria.

The U.S. campaign to improve ties to Syria began with a letter to Mr. Assad from Mr. Reagan in June. An official said that, although the letter discussed the issues of hostages and terrorism, Mr. Reagan emphasized Syria's role in other Middle East issues, such as its influence in the Gulf war and the Arab-Israeli peace process.



The foreign ministers of 13 Latin American nations, meeting in Caracas, formed a commission to monitor compliance with the Central America peace plan. Among them were, from left, Miguel d'Escoto Brockmann of Nicaragua, Alfonso Cabrera of Guatemala, Ricardo Acevedo Peralta of El Salvador and Rodrigo Madrigal Nieto of Costa Rica.

Contras Accept Accord but Won't Disarm

By Julia Preston
Washington Post Service

SAN SALVADOR — Nicaraguan rebel leaders, after a meeting with President José Napoleón Duarte of El Salvador, have accepted for the first time the peace plan of the five Central American presidents.

But as soon as the meeting ended, Mr. Duarte and the leaders of the rebels, known as contras, gave differing interpretations of the meaning of their acceptance.

The peace plan was signed Aug. 7 in Guatemala by the five Central American leaders. Mr. Duarte said Friday in an interview that his appeal to the contras was "exactly the same" as his request to leftist Salvadoran guerrillas.

"I'm saying the same thing to both, to accept the peace plan and join in the democratic process," Mr. Duarte said.

But the contras emerged from the meeting on Friday to say there had been no talk of laying down their arms or renouncing armed warfare.

"At no time are we talking about laying down our arms," said a contra leader, Alfredo Cesar.

The six leaders of the Nicaraguan Resistance, the main contra alliance, said in a statement, "We accept the historical challenge to fight for democracy in our country," adding, "We accept the Central American presidents' peace plan."

The rebels proposed a meeting on Sept. 15 in Managua with government leaders to discuss a ceasefire that is to begin on Nov. 7, according to the terms of the accord.

The contra leaders stressed that Nicaragua also must be made to comply with the pact, saying, "We want peace but not at the expense of our freedom."

Adolfo Calero, the contra political leader, said Nicaraguan Resistance had accepted the peace plan in part because it doubted the Sandinistas would comply with it.

"I just don't think they will do it," he said.

The meeting on Friday was prompted by a speech that Mr. Duarte made last week. In it, he called for simultaneous talks between the Nicaraguan government and the contras and between his government and the leftist guerrillas of the Farabundo Martí National Liberation Front.

He called on the two rebel groups to prepare to participate in the political processes of their countries and to prepare to lay down their arms on Nov. 7.

The Guatemala accord calls for an end to foreign aid for guerrilla groups in the region, a return to full

democracy in each country, internal dialogue between the governments and their unarmed political opponents and a regional ceasefire.

Under the terms of the plan, President Daniel Ortega Saavedra of Nicaragua is not required to talk with the contras. Managua has repeatedly refused to do so, saying that the rebels are a creation of the United States and that only Washington can negotiate the end to fighting in Nicaragua.

The Sandinistas opened a tentative dialogue with opposition parties earlier this month.

The Nicaraguan foreign minister, Miguel d'Escoto Brockmann, said Saturday that Nicaragua would only negotiate with President Ronald Reagan and the U.S. secretary of state, George P. Shultz.

He called them the true leaders of the contras.

Mr. Duarte's proposal for peace talks between the Salvadoran government and the leftist guerrillas has been stalled because the rebels refused to accept the aspects of the accord that require them to accept a government amnesty and give up their fight.

The president said he had told the contras "absolutely firmly" that he would not allow Salvadoran soil to be used for activities in support of their forces.

The commission's 10 members are the foreign ministers of the nations comprising the Contadora group — Mexico, Venezuela, Colombia and Panama — the Contadora support group — Argentina, Brazil, Peru and Uruguay — and the secretaries-general of the United Nations and the Organization of American States, or their senior representatives.

Decision to support the operation. "I issued a categorical order it shouldn't happen again," Mr. Duarte said.

Group to Monitor Accord
Foreign ministers from 13 Latin American countries have created a commission to verify compliance with a Central American peace accord. Reuters reported from Caracas.

2,000 at Riga Memorial
Janis Roskalis, a Latvian nationalist who laid a wreath at the Riga memorial to war victims, told The Associated Press in Moscow by telephone that at least 2,000 people had gathered at the memorial around noon.

He said as many as 5,000 tried to reach the abandoned-off square throughout the afternoon. About 500 uniformed and plainclothes policemen set up barricades and closed off a pedestrian overpass to the monument, Mr. Roskalis said.

Tass, the Soviet news agency, said nothing about the protests in Tallinn and Riga.

Details of the Tallinn protest were not immediately available in Moscow, but Mr. Roskalis said that Latvian activists had learned it had taken place.

The Baltic protests and the publicity given them by Western broadcasters over the past few days prompted an outcry from the Soviet news media.

Missile Compromise Cited
Gary Lee of The Washington Post reported from Moscow:

The Soviet Union may be willing to broach a compromise with the United States over the West German Pershing-1A missiles that are holding up a possible U.S.-Soviet nuclear arms treaty, according to Senator Alan Cranston, Democrat of California.

Following talks with Anatol F. Dobrynin, the Central Committee secretary, and other officials, Mr. Cranston said Friday that some of his Soviet interlocutors had "indicated that a compromise should be possible" on the Pershing-1As.

This could clear the way for a U.S.-Soviet accord on medium- and shorter-range nuclear missiles and a summit meeting between President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev.

The Kremlin has proposed that the U.S.-controlled warheads on the Pershing-1As be included in a treaty to eliminate all U.S. and Soviet missiles worldwide with medium ranges, from 600 to 3,500 miles (1,000 and 6,000 kilometers), and shorter ranges, from 300 to 600 miles.

The Reagan administration has objected to the proposal, saying the Pershing-1As are owned by West Germany and should not be part of a bilateral treaty.

Asked what kind of compromise the Soviet officials had in mind, Mr. Cranston said they had provided no details but had given him the "clear impression" that a compromise was possible.

He added, however, that in earlier talks the military chief of staff, Sergei F. Akhromeyev, had been adamant in insisting that the Pershing-1As be included in an accord.

Mr. Cranston also said he warned the Soviet officials that the U.S. Senate might not approve the proposed accord.

Freedom Demanded in Protest by Lithuanians

REUTERS

VILNIUS, U.S.S.R. — More than 500 Lithuanians sang patriotic songs and chanted, "Freedom, freedom!" on Sunday to mark the 48th anniversary of the 1939 Nazi-Soviet pact that led to Lithuania's incorporation into the Soviet Union.

Other demonstrations were held in Riga, Latvia, and Tallinn, Estonia.

Some protesters wore black armbands to commemorate Lithuanian victims of Stalin, under whom the pact between Germany and the Soviet Union was signed on Aug. 23, 1939.

One woman addressed the crowd from a nearby statue of Adam Mickiewicz, a 19th-century Polish poet who had close ties to Lithuania, demanding independence for Lithuania as well as Latvia and Estonia, the two other Baltic republics incorporated into the Soviet Union in 1940.

Uniformed and plainclothes policemen maintained a discreet presence near Saint Anne's Church after the demonstration began shortly before midday Sunday.

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Sergeant Clayton J. Lonetree after being convicted of spying for the Russians.

U.S. Marine Convicted of Espionage

By Ben A. Franklin
New York Times Service

QUANTICO, Virginia — A Marine Corps court-martial has found Sergeant Clayton J. Lonetree, the first marine to be tried for spying, guilty of all 13 charges.

The verdicts, delivered Friday night by the jury of eight Marine Corps officers after three hours and 50 minutes of deliberation, included findings of guilt on two counts of the most serious charge, espionage.

The 25-year-old sergeant, who was accused of delivering classified information from the American embassies in Moscow and Vienna to Soviet agents, could be sentenced to life in prison on each of the espionage counts. The same jury is to sentence him on Monday.

Calling the trial unfair, Sergeant Lonetree's lead counsel, Michael V. Stubb, said the verdict would be appealed. "We shall fight this to the end," he said. "Justice will prevail."

Before the verdicts, the lawyer said that by making repeated "prejudicial" rulings against Sergeant Lonetree, the court-martial judge, Captain Philip F. Roberts of the navy, had provided the defense with a strong record for an appeal.

As the verdicts for the 13 separate counts were read one by one by the jury president, Sergeant Lonetree stood flanked by his two civilian and two Marine Corps lawyers. He gave no sign of reaction, as viewed on closed-circuit television, the only access given reporters to the small courtroom at the sprawling Quantico Marine base, 40 miles (65 kilometers) south of Washington.

Sergeant Lonetree was convicted on two counts of espionage, two of conspiracy, four of providing a Soviet agent with names and photographs of covert American agents in Moscow and Vienna, three of giving the KGB agent diagrams or floor plans of the embassies in Moscow and Vienna, and two of failing to report contacts with Soviet citizens.

He was a member of the small detachment of Marine Corps guards in Moscow from 1984 to 1986 and was transferred to the guard detachment in Vienna in March 1986. His contacts with Soviet agents, begun in Moscow, continued in Vienna.

Spanish Guard Site Attacked
REUTERS

DEVA, Spain — Suspected Basque separatist guerrillas launched rockets near a Civil Guard barracks in this northern Basque town early Saturday, but there were no injuries, the police said. No one claimed responsibility for the attack.

Joseph P. Lash, 77, the Biographer Of 'Eleanor and Franklin,' Is Dead

The Associated Press

BOSTON — Joseph P. Lash, 77, a Pulitzer Prize-winning author whose works include "Eleanor and Franklin," died Saturday at Massachusetts General Hospital.

A 23-Year Friendship
By David E. Pitt
New York Times Service

In his 30-year career as a biographer, Mr. Lash wrote full-length studies on such figures as Dag Hammarskjöld and Helen Keller. But it was "Eleanor and Franklin," the first installment in his two-volume biography of Mrs. Roosevelt, that won him the most enduring fame.

The 1971 book, which won the Pulitzer Prize, drew heavily on Mrs. Roosevelt's papers, to which Mr. Lash had been given access by the Roosevelt family. But while the work had the imprimatur of an authorized biography, "there is nothing of an official label on any of its pages," the Pulitzer jurors noted. "It is a sharp, vivid and yet kindly re-creation of the lives of a famous couple, shedding new insights on their sometimes inspired, sometimes deeply troubled relationship."

The second volume of the biography, "Eleanor: The Years Alone," published a year later, focused on Mrs. Roosevelt's last 17 years after the death of President Franklin Delano Roosevelt in 1945.

Mr. Lash's 23-year friendship with Mrs. Roosevelt began in a train in 1939, when he was 29, and lasted until her death in 1962.

Samuel Lubell, 76, Writer And Public Opinion Analyst
NEW YORK (NY) — Samuel Lubell, 76, a writer and public opinion analyst whose door-bell ringing technique of voter interviews led him to successful predictions of winning candidates and issues in the 1950s and '60s, died



Joseph P. Lash

Sunday of a stroke in a Los Angeles nursing home.

Mr. Lubell, who grew up in New York and began his career as a newspaper reporter for The Long Island Daily Press, pioneered a type of political analysis that combined some of the scientific approaches of social scientists with the personal touch of face-to-face interviews. Armed with data on past elections in areas around the United States, Mr. Lubell would pick places that showed consistent trends and interview hundreds of voters.

It was after World War II that Mr. Lubell began his public opinion polls and political analyzing in earnest as the Saturday Evening Post assigned him to analyze President Truman's surprise victory. He helped to popularize analyses that focused on the coalitions that formed the support of a political party and which highlighted the explosive role of racial issues in the social structure and elective politics.

Cameroon Embassy in Israel

REUTERS

YAOUNDE, Cameroon — Cameroon, which restored diplomatic relations with Israel last year, is to open an embassy there, according to an official decree issued Saturday. The decree did not say where the embassy would be, in Tel Aviv or in Jerusalem, or whether an ambassador had been named.

TO OUR READERS IN HOLLAND

The International Herald Tribune is now on newsstands throughout Holland every morning six days a week Monday-Saturday. If you have problems getting your copy, please contact: Edipress International B.V. Wilhelminastraat 13rd 2011 VH Haarlem P.O. Box 363 2000 AJ Haarlem Tel.: (023) 32 23 41/Tx: 41833

Marlboro, the number one selling cigarette in the world.



A Weekend of Trouble in New Caledonia

Policemen used clubs to disperse members of the Kanak Socialist National Liberation Front demonstrating in Noumea, New Caledonia, for independence from France. Noumea was calm on Sunday, the day after the protest, but on Lifou island security forces clashed with about 50 Kanaks protesting the visit of the French secretary of state for the French language, Lucette Michaux-Chevry. Several arrests were reported. A referendum on independence will be held in the French territory on Sept. 13.

Vietnam at War, Ideologically, With Itself

By Barbara Crossette
New York Times Service
HO CHI MINH CITY — For more than a decade, a power struggle has been going on in Vietnam that many Vietnamese seem to regard as the final stage of an unfinished revolution.
The picture of this struggle that emerges from several weeks of interviews with officials, journalists and business people in both the state and private sectors is partly one of a test of wills between Ha-noi's orthodox Marxists — whose ideas of development are rooted in the Stalinist era in the Soviet Union or the most radical period of Chinese Communism — and a group of more pragmatic and flexible leaders.
Communism is not being challenged. But Vietnamese say openly that the party has lost public confidence. If it fails to regain this, "who knows what will happen," an editor said.
Inevitably, this clash has involved a broader confrontation between the isolated, undeveloped, agrarian culture of northern Vietnam and the cosmopolitan, entrepreneurial south. Those differences predated the introduction of Communism to Vietnam by Ho Chi Minh half a century ago.
As described candidly by many Vietnamese, the process of unifying the nation seems in retrospect to have begun rather than ended in 1975 with the fall of Ho Chi Minh City, formerly Saigon. In the end, much that is southern may prevail. But the battle is not over.
In a new atmosphere of outspo-

Sudan Leader Seeks to Regroup After Collapse of Coalition

KHARTOUM, Sudan — Prime Minister Sadek el-Mahdi of Sudan has invited leaders and legislators of southern Sudanese parties to meet with him Monday to discuss their role in a future government to replace his coalition, which collapsed Saturday.
Mr. Mahdi, whose coalition came to power in May 1986 after the first democratic elections in Sudan in nearly 20 years, did not disclose details of proposals for a new government in a report on the collapse by state television.
The state television quoted Mr. Mahdi as saying that cabinet members would carry out their duties normally and that a new government would be in place by Sept. 7 at the latest.
The demise of the coalition, consisting of Mr. Mahdi's dominant Umma Party and the Democratic Unionist Party, came two weeks after officials of the Umma Party masterminded the election of Mirghani al-Nasri, a lawyer, to a seat on the Supreme Council previously held by a Democratic Unionist. The council is a five-person body acting as a collective presidency.
Mr. Nasri's election violated a power-sharing agreement between Umma and the Democratic Unionists.
The crisis is the latest in a series of jolts to the government. Sudan has no acute foreign-currency shortage and a foreign debt of more than \$11 billion. Mr. Mahdi hopes to meet officials from the south, where the government is waging a costly four-year war against rebels.
The two parties' central disagreement is over ties with Egypt, to the north. The Democratic Unionists favor special ties to Egypt while Umma emphasizes cordial ties with all of Sudan's eight neighbors, including Libya, Egypt's chief Arab adversary.
Western diplomats in Khartoum say Umma rejected Ahmed el-Sayed Hamad, the defeated Democratic Unionist nominee for the Supreme Council, in part because he was known to have close ties with Egypt. Umma has accused Egypt of perpetuating the rule of President Gaafar Nimeiri before he was ousted in a military coup in 1985 after 16 years in power.
He has remained in Egypt despite repeated requests by Sudan for his extradition to stand trial on charges of murder, corruption and abuse of power.

keness in Vietnam today, details are emerging of the machinations behind leadership struggles that led in December 1986 to the naming of Nguyen Van Linh, a northerner who spent much of his career in the south, as general secretary of the Communist Party.
Those who have observed the power struggle at close range over the last 12 years tell Orwellian stories of armed economic police sent to ferret out people who were suspected of encouraging free enterprise or otherwise undermining the official policy of total state control of goods and services.
"We lived in terrible times from 1975 to the early 1980s," the owner of a small bakery said. "We were afraid of everything."
Editors recount tales of unwritten pacts among journalists to protect vulnerable new political thinkers from entrenched hard-liners.
"In the first few years after unification, we had certain duties," said Tuat Viet, an editor of Saigon Giai Phong, the local Communist Party newspaper. Mr. Viet, a southerner educated in Hanoi who was sent back to the south after 1975, said those duties involved promoting North Vietnamese policies and persuading people in the south to go on working for new masters with no managerial skills.
Mr. Viet said: "But by 1978, we began to see the contradictions between improving production and the backward system of management we had. Journalists in this city began to recognize that we needed some changes."
"In 1975, Ho Chi Minh City was the most developed economy in Vietnam," he said. "But can you imagine that a few years later this city, in the middle of the fertile Mekong Delta, had to rely on grain imported from abroad? People could not accept that."
Crusading politicians and journalists focused their attacks on a system of state subsidies that was stifling or even reversing economic growth, while leading to large-scale corruption and the abuse of political power.
"Too frank, we were being oppressed by party and state officials — only they had the power to oppress," said Huu Tho, deputy editor in chief of Nhan Dan, the na-

Foreign visitors still encounter old-style party cadres in government offices — or do not meet known hard-liners because they refuse to be interviewed by journalists from democratic countries.
"The resistance to change is still large," said an editorial board member at Saigon Giai Phong. "The obstacles are many." Among these he listed the entrenched bureaucrats whose jobs may now be threatened.
"The struggle is still complex," Mr. Viet said. "A zigzag route may be unavoidable. But the present trend is clear. This is a demand of 60 million people, 60 million people who refuse to continue living with a stagnant bureaucracy."
U.S. Agrees to Aid Hanoi in Return For Help on MIAs
WASHINGTON — The Reagan administration has said it has sent three U.S. medical experts to Vietnam under an agreement to give the country humanitarian help and obtain information on Americans missing in the Vietnam War.
The experts, including two specialists in orthopedic rehabilitation, will be in Hanoi for three days of talks beginning Tuesday, according to the State Department.
They were identified as Dr. Carlton Savory of the Hughton Orthopedic Clinic; Fred Downs, a Veterans Administration specialist on artificial limbs, and Dr. Larry Ward, who has been involved in private relief efforts in Vietnam.
The State Department, in an apparent effort to limit publicity about the mission, declined to provide other information about the participants and withheld announcement of the trip until Saturday, after the three men left for Asia.
For years, the Hanoi government has been saying that its willingness to help account for the 1,776 Americans still listed as missing in the Vietnam War would depend on U.S. agreement to help remedy Vietnamese problems.



1887 and all that...

The Trib's Centennial Quiz

Hundreds of valuable prizes await participants in the IHT's centennial quiz, focusing on the year of the paper's founding.

1887 is a special year for the International Herald Tribune, for it was on October 4th of that year that James Gordon Bennett, Jr. made journalistic history by launching our newspaper in Paris. But lots of other significant things happened that year as well — more than you may realize!

Because our Centennial is an occasion in which we want to welcome our readers' participation, we have created the following Centennial Quiz, built around events and personalities of historic significance who, in some special way, are linked to the year 1887.

Every person who answers 15 or more of these questions correctly will receive an IHT souvenir in thanks for his or her participation. Those who answer the most questions correctly will be recognized in our pages — and will receive a larger prize. Prizes will include gift books, travel-related luxury goods, and free subscriptions (or prolongations of subscriptions) to the IHT. To spread the prizes geographically, the ten highest scores from each country will qualify as winners with any ties resolved in favor of the earlier entries.

Everyone can enter the contest except International Herald Tribune employees and their families. So fill in the quiz coupon and send it right away. Contest closing date will be October 4, 1987 our actual anniversary date. Correct answers will be printed in the newspaper, along with the names of all the winners.

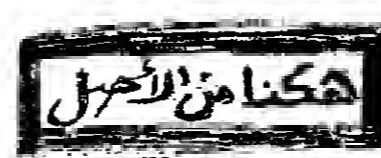
Our Questions:

- 1. Begun in 1887, it became two years later the tallest structure the world had ever seen, and remained so for 41 years. What was it, which building did it succeed as the world's tallest, and which finally surpassed it in 1930?
2. Which famous literary figure made his first appearance in 1887, and who were the two doctors whom he also helped to immortalize?
3. On May 8, 1887, a young man was shocked when his brother Alexander was hanged for taking part in a murder conspiracy. As a result, the history of mankind in the twentieth century was dramatically changed. What was his name?
4. He was born in 1887, became a revolutionary in 1911, and President of his country in 1923. Though he was regarded as a world leader, he spent the last 26 years of his life on a small island. Who was he?
5. Which famous symbol of internationalism was launched in 1887 by Ludwik Zamenhof?
6. Which Man for All Seasons became a saint in 1887?
7. Born in 1887 as William Henry Pratt, the son of a member of the Indian Salt Revenue Service, he spent much of his life in America where he became world famous under another name, and eventually retired to Sussex, England, to watch cricket before his death in 1969. How is he better known?
8. Which chemistry professor at a military academy of medicine died at a party in 1887, leaving an unfinished opera?
9. Which British citizen, born in 1887 the son of an Irish bishop, commanded the U.S. First Army (among other units) on D-Day?
10. In 1887, this man won public acclaim in Vienna for something which had nothing to do with politics, even though he later became Prime Minister of a European country. He had a farm in California and died in New York in 1941. Who was he?
11. On July 8, 1887, a world-famous novelist attended a concert given by his children and wept at Beethoven's music. This later inspired him to write one of his best-known stories. Who is the novelist and what was the story's name?
12. In 1887, a composer produced his tragic masterpiece. Sixteen years earlier he had been commissioned to compose a similar musical work to celebrate a feat of engineering. It was given its premiere in Africa. What were the two works?
13. Born in 1887, he became famous as a scientist and international civil servant, but he was often overshadowed by his brother who died on the same day as President Kennedy. Who was he?
14. In 1886 an unknown young painter arrived in Paris to see the last exhibition of the impressionists of which he wrote, "when one sees them for the first time one is very much disappointed and thinks they are ugly, sloppily and badly painted, badly drawn and of a poor color, everything that is miserable."

- But in 1887, under their influence, he completely changed his own approach to painting and discovered the new style which after his death three years later was to make him world famous. Who was he?
15. What was first set up by a group of French and British naval officers in 1887, and later became known as Xanadu?
16. It originally came from England in 1851 and almost immediately went to America. In 1887 it was moved to the place where it remained until 1983 — when to everyone's surprise, it suddenly went off half way round the world. What is it?
17. A scandal over an illegitimate child had not stood in the way of his success two years earlier — but his marriage to a 22-year old girl in 1886 did prevent his repeating his success two years later. Four years after that, he had a third chance. Who and what was he in 1887?
18. Which colonial country was formed in 1887, allied to Germany in 1940, liberated by the British in 1945 and divided, and only again came under the same rule in the late 1970's?
19. Born in Switzerland in 1887, he became world-famous under a pseudonym which means "crow-like" and spent much of his life drawing up plans for the rebuilding of Paris, Rio de Janeiro and other major cities, none of which were ever carried out. He did, however, design one of the best known buildings in New York. Who was he?
20. 1887 was the year a novel Swiss invention was first manufactured in Germany. Esthetic and practical for men and women, the invention's application is external though rarely visible. It took many years to become popular. Can you name the invention?
21. In 1887 a legendary American had his show on the road in England and Europe delighting audiences with a kind of U.S. life that would later be popularized in Hollywood. Who was he?
22. 1887 marked the birth of a celebrated English writer of poetry and prose whose very close family relation with two other writers produced a fashionable movement of literary thought and style. Who was this titled writer?
23. He was born in 1887 in Pennsylvania but later became governor of another state. As the Republican candidate for President of the United States, he ran unsuccessfully against one of America's better known presidents. Who was he?
24. In 1887 he was working in the New York Customs House and writing a book of poems called John Marr and Other Sailors — although the work that has made him world famous had already been published 35 years earlier. Who was he?
25. In 1874, the eccentric owner of a major New York newspaper moved permanently to Paris. Tradition says that, 13 years later, the sound of a bird in the night convinced him to found a newspaper in Paris. Today, 100 years later, that paper is still publishing. Who was its founder, what was the newspaper's full original name, and what was the bird whose nocturnal song was instrumental in its founding?

Your Answers

Please write or print your answers very clearly. Then add your name and address and cut out the response-coupon along the dotted lines.
Mail to "Centennial Quiz", International Herald Tribune, 181 avenue Charles-de-Gaulle, 92200 Neuilly, France.
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24. _____
25. _____
Mail your answers immediately.
The Centennial quiz closing date is October 4, 1987.
Name _____
Address _____
City and Code _____
Country _____





Gary Hart, joined by his son John, attending a Gaelic football match Sunday in Dublin.

An Elusive Hart Surfaces in Dublin

DUBLIN — Gary Hart, the former U.S. presidential candidate who dropped out of sight last week after reports that he might rejoin the campaign, turned up Sunday at a Gaelic football match in Dublin. Mr. Hart had been last seen by news reporters on Friday morning when he left a vacation cottage in western Ireland, reportedly without paying a \$600 bill. "In the circumstances, it was understandable that he forgot to pay," Mary Clancy, who rented the lakefront house to Mr. Hart, told the Irish Independent on Saturday. "He had planned to stay here until the end of the month. There were reports that he had cut his vacation short to fly to the United States. An Irish Radio reporter said Friday that Mr. Hart had told him he was returning immediately to the United States "because of developments" and wanted to avoid media attention. But on Sunday Mr. Hart joined tens of thousands of cheering fans at the football match, in which players dribble the ball with hands and feet.

BUGS: Natural Enemies

(Continued from Page 1) parasites of the Colorado potato beetle. Bugs cross the Atlantic both ways, he explained. Sometimes things do not go so smoothly for the collectors. Dominique Couinot spent several days in Granada, in southern Spain, last month looking for stinkbugs and parasite-injected eggs. He found some in farm fields and roadbeds, packed them in plastic containers and stuffed them in his duffel bag. On his flight back to Paris, Mr. Couinot had to change planes in Madrid. The duffel bag, stinkbugs and eggs, however, wound up at London's Heathrow Airport. British security guards opened the bag and apparently X-rayed the creatures. The dead bugs and eggs were returned to the European Parasite Laboratory a day later. The United States first set up a foreign outpost for collecting and shipping parasites in 1919, in Aueh in southwestern France. The original assignment was to find an enemy of the European corn borer, which had just appeared in the northeastern United States. A parasite was never found, and the corn borer is still eating well on both continents. Since then the European Parasite Laboratory has moved to several locations in France, but recently the Agriculture Department committed itself to the bug-eat-bug approach by purchasing five acres (two hectares) of property in Behous, a village outside Paris. Seventeen persons are employed at the lab, two Americans and the rest Europeans, mainly French. The annual budget is approximately \$1 million. The lab has had several small successes and many disappointments in its 68-year history, but a parasite that works can mean big savings for farmers. Instead of repeated sprayings of costly chemicals, once a parasite takes hold, the farmer may never have to spray again.

POLICY: Gulf Action and Reaction at Home Sent the U.S. Fleet to 41 Ships

(Continued from Page 1) when Mr. Reagan said the purpose was to prevent a fuel shortage in the United States and avoid lines at gas stations, an argument that was untrue and had never been considered. The White House insists that the confusion reflected the search for a winning public relations strategy, not misapprehensions over the policy. The Joint Chiefs of Staff and the theater commander in charge of Gulf operations were explicitly warned by intelligence services about the threat of mines before the first tanker convoy was dispatched. After Kuwait refused to allow minesweeping helicopters to be based on its territory, U.S. military officials decided to send the first convoy through the Gulf without a minesweeper because they assumed Iran would not take action while a United Nations ceasefire resolution was in place. Indeed, the first convoy was delayed until the resolution passed, on July 20. The United States, despite pledges to coordinate more closely with its allies, did not try to enlist international support in advance, even though the vessels carry oil to American allies. Congress also was not consulted about the policy until after it had been approved by Mr. Reagan. Lawmakers raised few objections, however, until the attack on the Stark. By mid-January, senior administration officials were considering the request from Kuwait, and were inclined to respond favorably. U.S. officials said they learned that Mikhail S. Gorbachev, the Soviet leader, had sent a letter to the emir of Kuwait in which he offered the services of the Soviet Union in protecting Kuwaiti tanker traffic. On Feb. 6, the United States told Kuwait that if it put its ships under the American flag they would be entitled to protection by the U.S. Navy. Administration officials said intelligence assessments recognized the possibility that Iran might respond to the American plea to Kuwait with terror acts or mining. They said, however, that these were not high probabilities. Against that risk, they said, was balanced the administration's determination not to allow the Soviet Union an opening in the Gulf. On March 4, Mr. Reagan met with Mr. Casper, Mr. Weinberger and Mr. Shultz for their weekly breakfast. Administration officials

GULF: U.S. Will Stay 'as Long as Needed,' Official Says

(Continued from Page 1) network, aboard a helicopter, spotted the 400,000-ton Bridgeton and the U.S. guided missile destroyer Kidd about 100 miles (160 kilometers) southeast of the smaller tankers. The Bridgeton was damaged by a mine July 24 off an Iranian island in the northern Gulf. It sailed safely through the same waters Saturday for the return journey. The 81,000-ton Sea Isle City and the 80,000-ton Ocean City, both tankers, and the 47,000-ton Gas King, a liquefied-gas carrier, sailed under escort by the destroyers Hawes and Klakring after having anchored for 12 hours about 50 miles off Bahrain, said Brent Sadler, a reporter for Independent Television News in Britain who saw them leave. Shipping and salvage experts said the U.S. command signaled the Bridgeton to steam past the anchored tankers before dawn Sunday, but it was not spotted until later. "It was another successful exercise in subterfuge by the American navy," said a Dubai-based salvage expert. Also Sunday, Ayatollah Ruhollah Khomeini predicted that Saudi Arabia's ruling family would fall from power because of the riots in Mecca that claimed more than 400 lives on July 31. The ayatollah, 87, appearing in public for the second time since the riots, made the comments in a speech from his home. It was shown on Iranian television and monitored in Nicosia.

KOREA: Party Urges Restraint After Worker's Death

(Continued from Page 1) better working conditions, it was a lesser cause, so it won't have the same effect. Workers at a half-dozen companies of the Hyundai conglomerate united last week to strike against the group as a whole. But Hyundai's plants are concentrated in Ulsan, while Daewoo's factories are scattered in many locations around the country. Labor disputes continued to arise at hotels, factories, department stores and workshops around the nation. The Labor Ministry reported that more than 1,600 companies had been hit by strikes or stoppages since July 1, with two thirds of those now resolved. The government said 541 disputes remained unsettled Sunday, compared with 511 on Saturday. A Daewoo Motor assembly line worker said that grievances had accumulated during decades of restrictive government policies, when most unions were prohibited and wages were kept low to fuel growth and exports. "There has to be communication between worker and management, but there hasn't been any channel for it," the Daewoo vice foreman said. "So now it's all coming out at once." Among the unsettled strikes were several affecting the South Korean tourist industry. In Seoul, workers continued to occupy the lobbies of the Lotte and Seoul Plaza Hotels, and ground crews at Gimpo International Airport extended their strike a second day. Airport officials said international flights were delayed an average of 30 minutes to one hour. At the Daewoo shipyard, the nation's second largest, with 15,000 workers, the company had no comment on Mr. Lee's death. Sources said executives might issue a statement Monday. Both major parties called for investigations into the circumstances of his death. "The worker's death is the most unfortunate and regrettable incident," said Lee Min Sok, spokesman for the ruling Democratic Justice Party. "The government has to cope with the case with the maximum patience and self-restraint." The opposition Reunification Democratic Party also expressed regret and sent two officials to Kojé to look into the case. The party also planned to call for a National Assembly committee to convene to deal with the death and overall labor strife. Several thousand students and government critics rallied at Yonsei University in Seoul in support of striking workers. Workers on Kojé suspended efforts to resolve their dispute until after Mr. Lee's funeral last week. The shipyard's troubles began two weeks ago, when workers began picketing for higher wages. The company closed Friday, saying bargaining had been fruitless. Angered by the lockout, several thousand workers took to the streets of Okpo on Saturday afternoon. When they moved toward the Okpo Tourist Hotel, where the shipyard president was staying, riot policemen fired about 100 rounds of tear gas, according to witnesses. Mr. Lee and 20 other workers were injured. Workers later ransacked the hotel looking for shipyard executives.

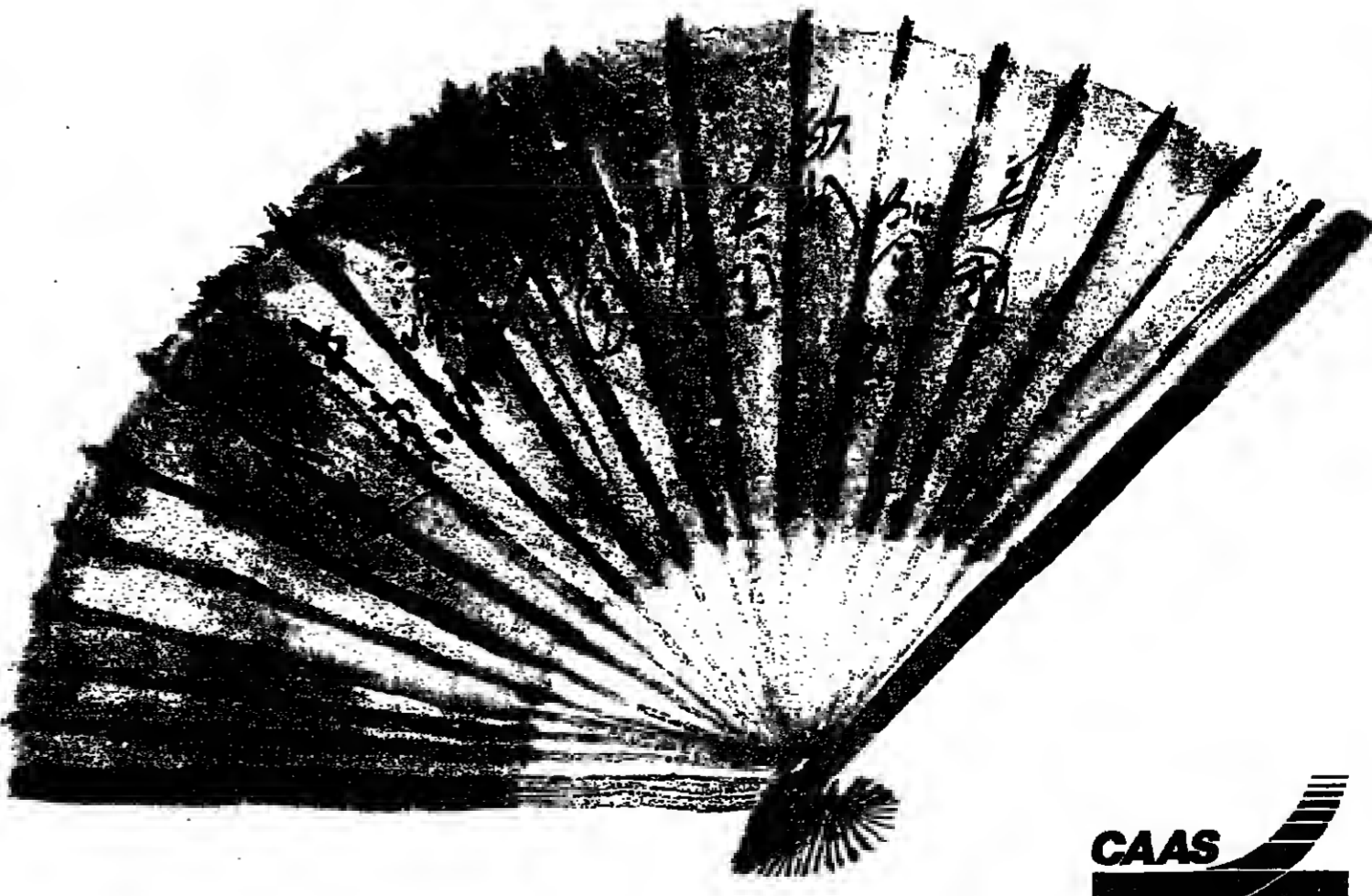
REAGAN: Shift in Focus to Nonlegislative Issues Is Seen

(Continued from Page 1) ers give him a special degree of authority to the day he leaves office. The main area is foreign affairs, and the president places great emphasis on reaching an arms control agreement with the Soviet Union before the end of the year. His agenda also will be crowded with such problems as a Central American peace initiative and threats to navigation in the Gulf. Moreover, his aides say Mr. Reagan is planning to make a maximum effort to win Senate confirmation for Judge Robert H. Bork, his nominee for the Supreme Court. A top adviser summed up the president's priorities by saying, "Arms reduction is No. 1, but Bork is No. 2." Many of these goals would require some form of congressional action. An arms treaty would eventually have to be approved by the Senate, and Judge Bork must be approved by the same body. But in these cases Mr. Reagan enjoys an extra advantage. The U.S. Constitution gives the president the right to negotiate treaties and pick Supreme Court nominees, and Congress is more reluctant to overturn those decisions than it is to reject normal legislative proposals. "The biggest areas where we can shape policy are those that are devoid of politics," said one top official. Another added that the administration was concentrating on issues that "involve executive leadership, that grant a high degree of control to the president." The planning session was intended to review the fall schedule and start preparing policy options on specific issues. The options will be presented to Mr. Reagan after he returns to Washington on Sept. 6. As they sat around in shorts and sport shirts, discussing the state of the Reagan presidency, Mr. Reagan's aides expressed a deep sense of relief that the hearings on the Iran arms sales and the diversion of profits to the Nicaraguan rebels had finally ended. But the aides acknowledge that the price was high. The president, as one put it, "clearly took some very serious body blows" and emerged with his credibility and his charisma badly tarnished. "He is no longer seen as the awesome figure he appeared to be before the Iran-contra affair," one adviser said. Another aide said that the White House had miscalculated the impact the hearings could have on the public and that months of televised testimony "became more of a factor than we assumed they might." The Iran-contra affair was particularly troublesome, the aides concluded, because it came on top of the Democrats' return to power in the Senate. One result has been an exceptionally realistic assessment within the White House of what the administration can hope to accomplish in Congress. Earlier this summer Mr. Reagan frequently talked about using his veto to block Democratic initiatives, and the veto threat remains a powerful weapon. But now many of his aides think the president would be better advised to seek accommodation on at least some of the legislative measures now moving toward passage on Capitol Hill. "We're developing a strategy of dealing with Congress that involves both conciliation and a judicial use of confrontation," said an aide. Richard Wirthlin, the president's poll taker, presented survey results at the meeting, showing that many Americans favor legislation that would insure them against the cost of catastrophic illness. The White House still worries that a bill on such insurance being drafted by Congress would be too expensive, but it now seems more eager to find a compromise. Similarly, top officials say they are negotiating with Democrats on the welfare issue in the hope that a bill emerges that "we can sign." However, White House aides hold out no hope for the "economic bill of rights," which includes such favorite Reagan proposals as a constitutional amendment requiring a balanced federal budget. Even though the president will continue to talk about the issue, it was barely mentioned in the planning session. In addition, White House aides say the president probably will play only a minor role in the budget battles this fall. In his televised speech last week, Mr. Reagan offered to negotiate with Congress on all spending items, including the military, if congressional leaders allowed a vote on the single issue of a budget-balancing amendment. But top officials acknowledge that the offer had little meaning for two reasons: Such a vote is not likely, and the president remains adamantly opposed to any budget compromise that includes tax increases.

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CAAS Civil Aviation Authority of Singapore

SINGAPORE CHANGI AIRPORT THE AIR TRAVELLER'S HAVEN

INTERNATIONAL POSITIONS		
You will find below a listing of job positions published last Thursday under the rubric International Positions.		
TITLE	SALARY	EMPLOYER
EXECUTIVE ASSISTANT		Media & financial services company.
MEDIA MANAGER	£14 105 pa £17 025 pa	Amnesty International.
SNR SALES/MARKETING EXECUTIVE	Negotiable	Wallace International.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neully Cedex, France. Tel: (1) 46.37.93.81. Telex: 613395

Herald Tribune

The Rebounding Deficit

Until this summer, just about everybody happily assumed that past legislation had put the U.S. budget deficit on a path toward safety downward. That pleasant thought naturally induced a degree of relaxation in Congress and at the White House. People in both places, but especially at the White House, saw less necessity for painful compromises and more opportunity for posturing.

Then the Congressional Budget Office began quietly warning its employers that the pattern had changed since last winter. The path no longer leads downward. On the contrary, if there's no further action, the deficit will soon start rising again. The CBO offered this new forecast in detail in the annual midsummer review that it published last week.

To get the deficit moving down again will require legislation to carry out the budget resolution that Congress passed in June, or something similar. But the budget resolution was designed by the Democratic leadership over vehement Republican objections and, because it requires a substantial tax increase, President Reagan has repeatedly promised to veto any bills that try to implement it. The deadlock now looks a good deal more dangerous than it did a month ago.

CBO says that it changed its earlier forecast for two reasons. First, because of last year's tax reform act people are rushing to

cash in their capital gains before the preferential rate fades away. That's raising revenues much higher than the forecasters expected in the current fiscal year, which ends in six weeks, but means lower revenues in the following years. Beyond that, interest rates and inflation are both running higher than CBO anticipated six months ago, and both push spending up automatically. The result is that, instead of the \$176 billion that CBO forecast last winter, this fiscal year's deficit will be only about \$156 billion. But in the year beginning Oct. 1, in the absence of more deficit-cutting legislation, it will be back up around \$183 billion with no improvement visible in the years beyond.

Over the past year the U.S. economy has benefited enormously from the general belief that the federal government has at last found the political will to bring its budget deficit down, surely and steadily. If President Reagan and the Democratic leadership of Congress between them now allow that belief to evaporate, they will invite the kind of leap in interest rates that can throw the country into a recession. The fault for the present deadlock lies chiefly with Mr. Reagan. But if it cannot be broken promptly this fall, the costs next year will reach far beyond politicians' reputations.

—THE WASHINGTON POST.

Daring Ideas in Europe

European leaders, fretting over nuclear arm reductions and American constancy, have worked their way back to an old puzzle: how to strengthen Europe's commitment to its own security. It's a familiar and often fruitless activity. Yet some of the ideas now being discussed, particularly between Paris and Bonn, could yield a stronger alliance and deserve encouragement.

Sparked by worry over the United States' commitment, the French and British have discussed joint nuclear strategy, the French and West Germans have stepped up joint troop maneuvers and all three have increased cooperative planning and defense production. The most significant idea being talked about is for a French-German brigade of some 3,000 men, outside the NATO command structure. The idea harks back to proposals by the former West German chancellor, Helmut Schmidt, to combine the two nations' armed forces. Such suggestions have bumped up against the same old wall. Germany is committed to NATO, France left its joint military command in a burst of Gaullist nationalism in 1966.

Still, the idea of French-German cooperation recurs whenever the need to strengthen conventional forces arises — because it

makes so much sense. Being able to count on French divisions, and on French facilities for British and American reinforcements, would do wonders for the non-nuclear capability of the Western alliance.

The current brigade proposal was made by Chancellor Helmut Kohl. The French response was enthusiastic, but with the expected reservation that the joint force must be outside NATO's military structure. In other words, French forces would not serve under a NATO general. This time, however, French and other officials suggested paths for skirting the old wall. The brigade could operate alongside alliance forces if not under NATO command. Or it could be put under the aegis of NATO's political structure, in which France participates.

A fully independent French-German brigade would disrupt NATO military planning and political cohesion. But French leaders now are making the right noises. It's healthy for Paris to want to be part of discussions on new European security arrangements. Formulas to preserve French *amour propre* are fine, as long as the joint brigade is effectively integrated, both strategically and operationally, with NATO.

—THE NEW YORK TIMES.

A Washington Triumph

With exceptional harmony and vision, the government of the United States has set out to transform a glaring eyesore in the center of its capital city into a gleaming jewel of the Federal Triangle — bringing new life and even more grandeur to the "Avenue of the Presidents." Where a functional but ugly parking lot now abuts the District Building, there is to be an International Cultural and Trade Center of monumental proportions and great versatility of use.

By all accounts, including those of the federal Treasury, this Pennsylvania Avenue project is a plus. It is to be built under a relatively novel arrangement: the General Services Administration will sign a 30-year master lease for the office space, which is to be used as collateral to obtain financing. A private developer, selected competitively, will build the project and own it for the life of the lease, when it will revert to the govern-

ment. This is estimated to save the government a good \$770 million on its way to taking title. The center itself will be a home for international trade offices and pertinent U.S. agencies as well as a showcase for exhibits and performers from every continent, along with boutiques, restaurants and out-of-sight, instead of unsightly, parking — with more spaces than there are now.

To fulfill this commitment to function and flair, the president must appoint a 15-member commission. The members should be distinguished, nonpartisan and determined to guide the project speedily through a series of plan approvals that had best be completed by midsummer 1988. The unanimous consent of both houses of Congress and presidential support for this history-making endeavor should not be squandered by bureaucratic delays.

—THE WASHINGTON POST.

The Dying Get a Choice

New York recently became the first state in the United States to end the need for two deadly decets in hospitals. One is the "slow code," meaning medical resuscitation teams should move very slowly. The other is the "show code," meaning resuscitation efforts should be feigned, for the family's sake.

Governor Mario Cuomo has signed a welcome law requiring hospitals and nursing homes to withhold emergency cardiopulmonary resuscitation from patients who refuse it. The law also grants civil and criminal immunity to health professionals who carry out a lawful "do-not-resuscitate" order in good faith or who, unaware of such an order, resuscitate someone who didn't want to be.

Under the measure, patients are permitted to decide, in advance, to forgo emergency resuscitation even if they're not terminally ill. They're also permitted to appoint someone to decide on their behalf if they become incompetent. Failing such directives, the law affirms the presumption that all patients consent to be resuscitated. But if a patient is both incompetent and terminally ill, hospital or nursing home officials can choose a surrogate from family or close friends. If no surrogate is available, the law permits a do-not-resuscitate order from a court or from two physicians who determine that resuscitation is medically futile.

The orders must be reviewed case by case every three days in hospitals and every 60 days in nursing homes. The law also requires that a patient's competence be established by physicians and that a procedure be established for mediating any conflicts between a patient's desire not to be resuscitated and a physician's personal convictions or professional ethics. While inevitably cumbersome, the new law does much to dispel the confusion and accidental tragedies that accompany new medical technologies. Above all, it recognizes a patient's right to make choices about death as well as life.

—THE NEW YORK TIMES.

Other Comment

Big Mac's Grand Example

McDonald's Corp. has decided to stop using plastic foam containers manufactured with chlorofluorocarbons, phasing them out in the United States and, perhaps eventually, worldwide. The connection between a Big Mac package and a healthier world may seem a little remote, but chlorofluorocarbon gases are one of the globe's more insidious, unseen environmental threats: they contribute to the destruction of the ozone layer, the protective shield against the sun's ultraviolet rays. That radiation is blamed for everything from skin cancer to adverse changes in climate. As the largest restaurant chain in the world, McDonald's is setting an example that should be followed. It also is a reminder to governments that the problem still requires a global solution.

—The Chicago Tribune.

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OPINION

An Eyewitness Account of Mecca's Bloody Afternoon

By Mushahid Hussain

ISLAMABAD, Pakistan — The Iranian pilgrim's demonstration in Mecca on Friday, July 31, and an annual festival in Mecca since 1983, was the subject of intense prior negotiations, with the Saudis represented by Hajj Minister Abdul Wasie and his deputy, Hesham Khashoggi, and the Iranians by Ayatollah Mehdi Karubi, his deputy, Jehangiri, and Dr. Mohammed Ali Hadi, a member of parliament.

Initially, the Saudis urged the Iranians to not hold the demonstration, arguing that the pilgrimage was meant for the performance of religious rites and that any political rally would detract from this. The Iranians retorted that religion and politics are indivisible in Islam and that such a demonstration would generate awareness among Muslims of their problems, most of which are political. They also argued that, since past demonstrations had been peaceful, there was no reason to presume this one would be otherwise.

According to Mr. Jehangiri, the Saudis gave their "general consent" to the demonstration, and to its "modalities": the route, including a clear demarcation of the starting and ending points, the timing and the content of slogans and banners. (One new feature this year was to be the burning of American flags.) It was agreed that the demonstration would begin at 4:30 P.M. and end at 6:30 P.M., and that then the demonstrators would move in a procession ending at the Ministry of Posts and Telecommunications Building, about a mile (1.5 kilometers) from the Holy Mosque. The Iranians expected to end the whole show by sundown, at 7:15 P.M.

Two days before, they had announced the ground rules, including the slogans to be chanted, and these were distributed through the daily "khabarnameh" or news bulletin, with a copy sent to the Saudis. The three sanctioned slogans were "Death to America," "Death to Russia," and "Death to Israel." Mr. Khashoggi and Mr. Jehangiri walked the route of the demonstration the day before. But Thursday evening, Mr. Khashoggi came to the Iranians with three conditions, all of which were rejected. First, the number of demonstrators should be restricted

to be determined by the fear of Arab reaction. But Vatican policy respecting Israel's legitimacy has been in Lebanon. In the last decade, 100,000 Maronite Christians have been killed. The Vatican policy to appease the Arab world has failed to prevent horrendous loss of life among the people it wants most to protect.

Realpolitik suggests that the pope change the failed policy. The arabic meaning of "see" is "hear." If the Holy See will not take its seat at the diplomatic table, it cannot play in the game of peacemaking. (Realists in the Kremlin are coming to understand that, too.) To further the interests of Christians, the Vatican should establish normal relations with Israel. Not to make up for the Waldheim abomination; not to put moral considerations above all; but simply to give the voice of the Vatican some resonance in the Middle East.

The New York Times.

The Pope Should Embrace Reality, Not Waldheim

By William Safire

WASHINGTON — The pope wears two hats: the religious cap of moral authority, which causes him to be taken seriously when he speaks of peace, and the secular cap of expediency, which sometimes requires him to do business with dictators to maintain the church presence. Sometimes those roles conflict.

For Pope John Paul II, the decision to receive Kurt Waldheim — to praise as a man of peace a liar associated with atrocities — was not emboldened by any need to protect priests from persecution. The maneuver may have strengthened the Catholic Church in largely Catholic Austria, but the pope's political absolutism of an unrepentant Nazi collaborator cost the Vatican much moral capital.

To receive the pope is to receive friendly statements about Jews and scheduling audiences with Jewish leaders. They will tell him that soothing words are no substitute for a deed too long left undone: the time has come for the Vatican to establish diplomatic relations with the state of Israel.

Is the pope's refusal to let the phrase "government of Israel" pass his lips a moral shortfall? Yes, I think so; but it would be a mistake to address the pope with a moral argument when he is wearing his realpolitik hat. Nor is it seemly for proud Israelis to plead for the Holy See's "recognition." The way to get diplomatic movement is to show the Vatican that its present position works against practical Catholic interests.

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If you ask the Apostolic Nunciature in Washington why the Vatican snubs Israel, you get a

vapid document put out by the Library of Congress's Congressional Research Service summarizing the 1984 position of the pope.

The first excuse is the absence of a peace settlement and of internationally recognized boundaries defining Israel and Jordan. But the Vatican has diplomatic relations with Taiwan, which not even the United States now recognizes, and with Iran and Iraq, who have a border dispute going.

Then there is the "unresolved status of the Palestinians." Does the Vatican really expect that issue to be resolved as a precondition to its naming of an official amba to Israel? No.

Supposedly the third main issue "The Holy See has called for some form of *cogent agreement* guaranteed by international statutes to assure protection of the shrines, unimpeded access and a secure and continuing Christian presence." But the only way to move toward its goals is to negotiate; the church's desires should be a reason for establishing relations, not a reason for continued isolation.

One basic reason is never mentioned: it must stick in the Vatican's craw that the Jews should predominate in the land of Christ. Setting aside such crusader nostalgia, another real reason for the Vatican's aloofness is mentioned in passing: "the effect that de jure recognition would be likely to have upon the Church and its members in Lebanon and other Arab countries." That's the nub of it: the Vatican has allowed its policy

to be determined by the fear of Arab reaction. But Vatican policy respecting Israel's legitimacy has been in Lebanon. In the last decade, 100,000 Maronite Christians have been killed. The Vatican policy to appease the Arab world has failed to prevent horrendous loss of life among the people it wants most to protect.

Realpolitik suggests that the pope change the failed policy. The arabic meaning of "see" is "hear." If the Holy See will not take its seat at the diplomatic table, it cannot play in the game of peacemaking. (Realists in the Kremlin are coming to understand that, too.) To further the interests of Christians, the Vatican should establish normal relations with Israel. Not to make up for the Waldheim abomination; not to put moral considerations above all; but simply to give the voice of the Vatican some resonance in the Middle East.

The New York Times.



Boycotting a UN Forum, Washington Harms Itself

By Edward C. Luck

NEW YORK — Representatives of nations around the world gathered here Sunday to begin discussing the relationship between reducing military spending and increasing funds for economic development. One country, the United States, is boycotting the United Nations-sponsored conference.

Last month, in a similar gesture of negative diplomacy, the Reagan administration sent a middle-level Foreign Service officer — who described himself as a "traveling insult" — to represent it at the UN Conference on Trade and Development. Why has the administration once again chosen to stand alone, thumbing its nose at the rest of the world? It is standing up for some cherished principle? Not really. Is it avoiding a high risk or hostile event? Not really. Is it foregoing a prime opportunity to voice its views before the world? Quite possibly.

U.S. officials worry that the conference will become nothing more than a platform for anti-American rhetoric and Soviet propaganda. Considering the preparatory work, however, there seems to be little cause for concern. But by its absence, the United States might turn an otherwise benign event into a forum for grumbling about American arrogance.

The subject of the conference, moreover, is one that should prove more embarrassing to Mikhail Gorbachev than to Ronald Reagan. While the Soviet Union may produce disarmament initiatives at a breathtaking rate, it is still laggard when it comes to assisting economic development in poor countries. Most of Moscow's foreign aid goes to a handful of client states.

The Soviet Union also continues to spend a far greater portion of its gross national product on the military than does the United States. Moscow is hardly in a position to claim that Washington's position on disarmament is contributing to the economic backwardness of the developing countries. Despite reduced support for foreign aid and the UN system, the United States does far better than the Soviet Union in both regards, and the American private

Frightful Trade Figures: A Monthly Statistical Trap

By Hobart Rowen

WASHINGTON — Once again, U.S. trade figures have confounded the "experts." The June deficit rose sharply to \$15.7 billion, from \$14 billion in May. And while the old bombily about the danger of paying too much attention to one month's data is still true, the bigger deficit is a disappointment, especially when the smart money expected a decline.

As a result, we've had a weaker dollar — a sign that financial markets believe that the worst is not over, despite the Reagan administration's earlier assurance, endorsed by many private economists, that the trade deficit would begin to come down. "We underestimated the extent to which rising foreign prices offset the real improvement in the trade picture," said C. Fred Bergsten of the Institute for International Economics. He could have been speaking for all economists.

The fact is, the U.S. trade deficit is shrinking, even though the commonly used statistics don't seem to show it. Import prices skyrocketed 14.5 percent from two-thirds of 1987, and more than two-thirds of that has occurred since Jan. 1 of this year. Thus, even though the volume of imports is down, their value is up, more than offsetting a modest increase in exports that has stirred some enthusiasm in U.S. centers. Robert Ortner, chief economist for the Commerce Department, estimated that the "real" trade deficit, using constant 1982 prices, has declined about \$30 billion, at an annual rate, since last September.

The question thus arises: If data on the value of exports and imports is disguising an improving trend, how can that message better be conveyed to the public? Can figures be developed, similar to the "real" gross national product, that will give a more valid impression of what is going on?

Senator John Danforth, Republican of Missouri, has sponsored legislation, part of the omnibus trade bill, which would require the Commerce Department to release each month, coincident with its publication of monthly trade numbers in dollar-value terms, the equivalent deficit or surplus in volume terms.

"If we had it, it would be very useful," Mr. Ortner said, "because we are doing a lot better than the figures show." But he said the government does not have available, on a sufficiently timely basis, the monthly price data with which to determine the "real" or deflated trade volume.

The economic and political potential of a new indicator could be significant. For example, it's likely the announcement of June's raw figures — the rise in the deficit to \$15.7 billion — not only rocked the foreign-exchange markets but bolstered the chances for tough U.S. trade legislation.

It isn't possible, Mr. Ortner said, to develop a precise volume figure for the June deficit. But we do know a much: From the third quarter last year to the second quarter of this year, the deficit didn't improve much. It declined only from an average of \$14.9 billion to \$14.2 billion monthly. In constant, i.e., 1982, prices the deficit dropped from a monthly rate of \$16 billion to \$13 billion. Mr. Ortner cautioned that, for technical reasons, the two series of numbers are not exactly comparable. But a decided trend for the better catches the eye.

About 9 P.M. I walked along part of Masjid al Haram Street to the point where the rioting had begun. In front of some shops I counted 20 bodies of Iranian women, most clad in chadors stained with blood. They were being carried away in vans and trucks. The road was being cleared of banners, pieces of clothing and shoes, and rubber bullets three inches (76 millimeters) in length and one inch in diameter. By midnight the scene was one of normalcy.

Casualties were exceedingly high for a riot of such a duration. The Saudis put the toll at 275 Iranians, 42 other foreigners and 86 of their people. The Iranians put their death toll at more than 400, with 4,000 wounded, and another 50 said to be missing but presumed dead.

One reason for the high number of fatalities was that many of the wounded bled to death because medical assistance could not be rendered in time. The authorities, unable to cope with so many casualties, summoned a number of Pakistani doctors from Medina and Jeddah.

Iranians in Mecca said later that "we were caught unawares." Ayatollah Karubi, at his headquarters two days later, seemed shaken and worried. He accused the Saudis of a "massacre in front of the house of God, although everything was decided before the demonstration." He seemed surprised at the turn of events.

The Saudis should be faulted for the excessive use of force against unarmed demonstrators, but the Iranians, too, made mistakes. When the crowd of demonstrators was stopped by security forces, there was no one to guide it, since the leaders were not in front. Given the rising tensions in the region and Saudi sensitivity to the demonstration, the Iranian leaders, at the very least, should have anticipated the possibility of trouble.

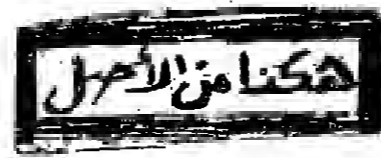
The Iranians, it now seems, were overconfident and felt that "nobody can touch us," the Saudis, angered by the recurrent demonstrations, were in a mood to teach these Iranians a lesson. With Mecca barred to Western journalists, the Saudis then released their own casualty figures and produced a documentary, cradly one-sided in its display of violence.

But what happened there in Mecca on that fateful Friday afternoon underlined the growing conflict between two approaches to Islam: one that favors the status quo, the other that aims to foster revolutionary change. If anything, the future in the Islamic world promises an accentuation of this conflict.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: For a Bigger Fleet
 LONDON — Lord Selborne, a one-time First Lord of the Admiralty, attacked the Government's naval policy in the House of Lords (on Aug. 23): "Almost immediately," he said, "Germany will have in the North Sea a fleet more powerful than was the whole of the British navy when I had the honor of going to the Board of Admiralty, and that fleet will be in a position for immediate war such as no other fleet has yet been. This formal declaration of war a mere condition for with a fleet in that simultaneousness with a declaration of war." His remedy was "we require, and should have at the earliest moment, a complete new squadron of battleships, at least eight in number, and provision for such a squadron should be made by means of borrowed money repayable in a short period."

1937: Chaos in Shanghai
 SHANGHAI — A heavy artillery shell struck (on Aug. 23) in the district of the great Chinese department stores, all of which were open and filled with customers who were obtaining badly needed wartime supplies. It is estimated 400 were killed and about 1,000 wounded. The shell, which struck a building front about 40 feet above the roadway, completely demolished the large windows, scattering shell fragments inside and in all directions. The force of the blast was so great that plate glass show windows within a radius of 300 yards were smashed and stores along the Nanking Road and the intersecting roads were more or less damaged. An authoritative statement has not been issued as to which side fired the shell, which apparently could have come only from positions on the Pootung side of the Whangpoo River.



EUROBONDS

As Trade Data Strike Again, Market Shows Some Spirit

By JONATHAN ENGEL
International Herald Tribune
PARIS — The June U.S. trade figures came back to haunt the Eurodollar bond market in a different guise on Friday...

But few bond managers noticed any fervent demand fueled by inflows of fresh cash. The larger-than-expected trade deficit had already been battering the U.S. currency for most of the week...

"We've seen very good demand this week for dollar bonds," said Andrew Pelling, a syndication manager at Nomura International Ltd. "I think all the deals have been reasonably fairly priced..."

AFTER THE GNP figure was revised down to an annual rate of 2.3 percent, from the previous estimate of 2.6 percent, the dollar fell to 1.8150 Deutsche marks in New York...

"The bond market was comfortable with the slow pace of the economy," contended a syndicate manager at a large U.S. commercial bank. This sluggishness, which dampens inflation, was also reflected in the trade figures...

See EURO BONDS, Page 9

Currency Rates

Table with columns for Currency, Rate, and other financial data. Includes sub-sections for Cross Rates, Other Dollar Values, and Forward Rates.

Last Week's Markets

Table showing market performance for various indices like DJ Industrials, NYSE Composite, and others, with columns for Aug. 21 and Aug. 22.

Where Others Failed, Zenith Stays All-American

By Mark Potts
Washington Post Service
GLENVIEW, Illinois — Over the last four decades, Zenith Electronics Corp. has seen them come and go: names like Philco, Sylvania, Admiral and Magnavox...



An RCA TV plant. RCA, Zenith's main competitor, has been sold to Thomson of France.

Now only Zenith remains. Its last two U.S.-owned competitors, General Electric and RCA, were sold last month by General Electric Co. to France's state-owned Thomson SA...

At a time when cheaper and cheaper televisions are flooding in from Japan, Korea, Taiwan and other East Asian nations, Zenith still is doing the bulk of its bread-and-butter set manufacturing in Chicago and Missouri.

Zenith has an ace in the hole, a fast-growing computer business that is starting to generate enough profit to carry the TV side of the company.

Both have failed in part because they both distracted themselves and gave their businesses to retreat into. In addition, Zenith has been a major player in the TV business almost since its inception...

That allowed — even forced — Zenith to concentrate on the radio and TV fields while its competitors have failed in part because they both distracted themselves...

"It's a global business, from the standpoint of technology and input of the material building blocks," he said. "We have all been internationally affiliated for years. We buy parts internationally, we sell parts internationally..."

Indeed, many of the sets with Japanese name tags are assembled in the United States, to save customs duties, while the change of ownership of the GE and RCA brands will not shift their major production center out of Indianapolis...

Banks Declare North Korea in Default on Loans

By Nicholas D. Kristof
New York Times Service
HONG KONG — Western banks have notified North Korea that it is in default on its loans and could soon face legal proceedings aimed at seizing its property abroad...

It was the first formal loan default by any country since the international debt crisis began in August 1982, the sources said. They said that North Korea is in default to two bank syndicates on \$770 million in principal and interest. North Korea is believed to owe \$1.65 billion to \$2.75 billion to the noncommunist world.

Many large international banks participated in the lending. American banks, however, are legally prohibited from lending to North Korea, the bankers said. Foreign debtors, particularly those in Latin America and Africa, have often fallen far behind on payments in the last few years...

See ZENITH, Page 11

China Freezes Prices Amid 7% Inflation

BEIJING — China said Sunday that to combat rising inflation it would freeze prices of consumer goods and services controlled by the government. Prices rose 6.3 percent in the first six months of this year from the first half of 1986 and climbed in June at an annual rate of 7.8 percent, the official news agency Xinhua reported.

As Dow Nears a Dizzying 3,000, the Signposts Blur

Analysts Are Divided: A 'Mythic' Milestone, a 10% Pullback or an Eventual Crash?

By Lawrence F. DeMaria
New York Times Service
NEW YORK — It is slowly dawning on investors, traders and analysts that the Dow Jones industrial average is nearing 3,000, a figure that — bull market or no bull market — has until recently seemed almost mythic.

But the Dow is now trading above 2,700, having obliterated records and eight "century" marks so quickly and so enthusiastically that the experts are rapidly running out of superlatives, not to mention explanations.

Other, broader market gauges have also broken into record territory, but not as spectacularly as the blue-chip Dow, which is the signpost by which the health of the current stock market is measured.

Believes that the stock market needs a pullback a breather. "The best and quickest way to 3,000 is 2,400," he said. "I honestly think that is the only way to 3,000."

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AmEx Silent Pressure Grows for OPEC Discipline

On Loss of Big Contract

By Alison Leigh Cowan
New York Times Service
NEW YORK — American Express Co. officials would not comment on why the company lost a 40-year-old contract it had to provide financial services to American military personnel in three European countries.

LONDON — OPEC must act fairly soon to stop members from pumping oil in excess of their quotas or it will risk a new glut and a slide in prices, market analysts said Sunday.

Prices suggests that there is now an excess of supply. Western industry sources said that OPEC appears to be exceeding its self-imposed output ceiling of 16.6 million barrels a day by 2.5 million barrels or more.

Analysts predicted that fears of a repeat of last summer's price crash would bring OPEC members back in line with output limits.

But sources close to the middle-size Indianapolis bank that won the contract attributed the change to "complacency" at American Express. "We're in the process right now of requesting a debriefing session, which we are entitled to under the law as to the particulars," Jack Savarino, senior vice president and general manager for military banking at American Express in New York...

By mandating new output quotas, OPEC tightened the market enough this year to boost prices to a targeted \$18. In recent weeks, prices edged slightly higher because of tension in the Gulf. But as tension abates somewhat, prices have started to slip again.

Renewed OPEC overproduction is blamed for the price decline. Demand has been strong this summer, with companies building up stocks amid worry about the Gulf crisis. But the renewed weakening in oil prices by up to 75 cents a barrel, oil industry sources in New York said, while U.S. crude prices are down more than \$3.

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Table with columns for Stock, Bid, and Ask prices for various companies like Alon Jones Pit Stop, Bitter Corp., Chron, GoodMark Food, MAG Holdings, NAV-AIR, Spectradyne.

YEN: As Currency Surges, Race to Become 'Next Japan' Brings Asia New Wealth, Alliances ZENITH: In American TVs, Only One Maker Remains

(Continued from Page 1) ... which is likely to lead to a more sophisticated capital market and financial services industry. ... Korea's capital markets will be growing substantially, said Shin Chul Kyo, senior executive vice president of Hyundai Engineering & Construction Co., part of the giant Hyundai group. ... American officials have forced Taiwan to accept a 23 percent appreciation of the Taiwan dollar since early last year, while the South Korean won has risen 7 percent so far in 1987. ... American officials want the Taiwanese and Korean currencies to appreciate because they fear that

otherwise, Japan's enormous trade surplus with the United States could simply be redistributed to other countries in the region. ... That redistribution may be one reason why Japan's trade surplus seems to be abating more quickly than the U.S. trade deficit. ... The U.S. merchandise trade deficit widened to \$15.7 billion in June and would have been a monthly record if a new method for calculating trade figures had not been instituted. ... American officials have forced Taiwan to accept a 23 percent appreciation of the Taiwan dollar since early last year, while the South Korean won has risen 7 percent so far in 1987. ... American officials want the Taiwanese and Korean currencies to appreciate because they fear that

For example, Aiwa Co., the Japanese electronics company, eliminated more than 1,000 production jobs in Japan and set up shop in Singapore. By the end of the year, Singapore will account for more than 50 percent of Aiwa's production. ... As other companies also move production offshore, Japan's unemployment rate has risen to what is considered in Japan the shocking level of 3 percent. ... As a result of such company moves, some of Japan's biggest imports may be Japanese products, but manufactured elsewhere. ... Yet the yen's rise is not altogether a blessing for Japan's neighbors. ... A Japanese government study suggested recently that this will rise rapidly, hitting \$42 billion by 1991.

time, analysts say, Korea will find other sources of components. ... Another concern for some of Japan's neighbors is that they have borrowed yen, so that in dollar terms their loans are getting larger. ... Indonesia, for example, reports that 36 percent of its government foreign debt is in yen, and that the yen's rise over the last two years has added \$4 billion to the size of its debt, measured in dollars. ... Mellon Files Offerings To Raise \$300 Million ... PITTSBURGH — Mellon Bank Corp. has filed a registration statement for an offering of \$200 million of convertible subordinated capital notes due in 1999 and \$100 million of state-rated auction preferred stock. ... The notes will be convertible into shares of Mellon Bank common stock.

The yen's rise is also making strange alliances. China, for example, is looking to two nominal enemies, Taiwan and South Korea, to supply what it used to obtain from Japan. This includes machine tools, industrial equipment, chemicals, cars and electronic equipment. ... Taiwan bans direct trade with the mainland, but Hoog Kong trade statistics show that at least \$955 million worth of goods and services flowed between Taiwan and China last year via Hong Kong. ... China's support for North Korea has prevented any diplomatic relations with South Korea, but indirect trade between the two countries, via Hong Kong, officially amounted to \$653 million last year and may have been significantly higher. ... Western and Asian diplomats in Seoul and Hong Kong say that North Korea is increasingly concerned about becoming isolated and losing influence with Beijing.

(Continued from first finance page) ... foreign share of the U.S. market has jumped to nearly 75 percent, from 25 percent in 1982. ... "Our belief is that those are ill-situated prices," Mr. Pearlman said. ... "We said, where can we spend money only in relation to our volume and find a customer who will appreciate our technology?" Mr. Pearlman said. ... While Zenith computers are

raised," he said. "The entire industry needs a price increase." ... While televisions have long been Zenith's strength, the company also has quietly become a formidable force in the computer business. ... Zenith moved into the computer business in the late 1970s, made an early decision to lead other companies fight it out in the business-computer market while it sold machines to government and university customers. ... By doing so, it figured, it could save its advertising budget and second the money on technology that those specialized markets would appreciate and on keeping prices down. ... "We said, where can we spend money only in relation to our volume and find a customer who will appreciate our technology?" Mr. Pearlman said. ... While Zenith computers are

IBM compatible, they are distinguished from the competition by price, ease of use, and such features as the FTM screen and Zenith's huge-selling lap-top computer. ... That Mr. Pearlman said, "has been a big help in trying to deal with the more-sophisticated customer." ... "Just doing an IBM copy leaves you with only one marketing strategy, and that's price," he added. ... Zenith gets high marks from analysts for its computer strategy, and its success in using the computer business to cover hard times in the TV field. ... "They've successfully developed a non-consumer business in the computer and components business," said Charles Ryan, an analyst at Merrill Lynch & Co., "and it's growing at a phenomenally good rate." ... Analysis is also optimistic that the company's TV business is headed for earnings improvement as foreign makers deal with new trade laws and currency realignments. ... "I think they're on the threshold of some earnings gains," Mr. Ryan said.

NASDAQ National Market

Table with multiple columns listing stock symbols, prices, and market data. Includes sub-sections for 'OTC Consolidated trading for week ended Friday' and 'Continued'.

SPORTS

Red Sox Sweep Twins in 3-Game Series

Compiled by Our Staff From Dispatches
BOSTON — Don Baylor belted his 12th career grand-slam home run and Dwight Evans followed with his 29th homer of the season to help the Boston Red Sox defeat the Minnesota Twins, 6-4, and complete a three-game sweep of the Twins, the leaders in the American League West Division.

Minnesota had gone ahead 4-0 in the third on Kent Hrbek's two-out, two-run homer. Greg Gagne lined a one-out single to right and Hrbek sent the first pitch into the right-field seats for his 31st home run.

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SUNDAY BASEBALL

day with a two-game edge over Oakland, completed a wireless road trip at 0-6. Boston's starter, Jeff Sellers (5-6), allowed six hits, walked one and struck out a career-high 10 before leaving the game after 7 1/2 innings because of a muscle strain in his right hip.

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Under jockey Pat Day, Java Gold came from nearly 20 lengths off the pace to beat Cryptoclearance and win Saturday's Travers.

Java Gold Rallies in Muddy Travers Stakes

By Andrew Bayer
Washington Post Service
SARATOGA SPRINGS, N.Y. — Heavy rain turned Saturday's Travers Stakes from a championship confrontation into a test of which horse could handle the Saratoga slop, and Java Gold won that test decisively.

Java Gold had run on wet tracks three times this year and had won easily each time, neither of his principal rivals had ever contended in the slop. The rain proved to be much more than an equalizer.

Jockey Pat Day could not even see the leaders in the early stages of the Travers, but he wasn't concerned — and didn't need to be. Temperate Sil and Gorky, who had been entered to be a pacesetter for his stablemate Gulch, were racing head and head and setting a fast pace, covering the first half mile in 46.15 seconds and six furlongs in 1:10 flat.

That wouldn't have been a good idea on any track, and in Saturday's mud speed horses had been having no success. Although he was dead last after six furlongs, Day was still in no hurry. "I wasn't concerned at any point," he said. "I knew the speed was going to come back to me."

Padres Win Disputed Game, 8-3

Compiled by Our Staff From Dispatches
NEW YORK — Randy Ready and John Kruk both hit home runs Saturday night to lift the San Diego Padres to a controversial 8-3 victory over the New York Mets.

Ready put the Padres in front with a two-run homer off Sid Fernandez in the second inning. Kruk hit a sacrifice fly in the third and his 17th home run of the year leading off the sixth, when the Padres scored twice, made it 5-0.

Trailing by 6-3, New York had a run nullified in the eighth, when umpire Dick Stello put a second ball in play and led the Mets to protest the game.

When Darryl Strawberry swung at a 1-1 pitch, the ball rolled away from catcher Benito Santiago. Runners Tim Teufel and Keith Hernandez advanced, but Stello tossed a new ball to pitcher Rich Gossage while Teufel was bending toward the plate.

SATURDAY BASEBALL

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Stello stopped Teufel and waved Gossage away, but Teufel subsequently stepped on the plate before the four umpires conferred, ruled a foul ball and sent both runners back to the original bases.

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SCOREBOARD

Baseball Major League Line Scores

Table with columns for team names and scores. Includes entries for Detroit, Cleveland, Philadelphia, and others.

Friday's and Saturday's Major League Line Scores

Table with columns for team names and scores. Includes entries for Detroit, Cleveland, Philadelphia, and others.

Major League Standings

Table with columns for team names, wins, losses, and percentages. Includes entries for Detroit, Cleveland, Philadelphia, and others.

Pan American Games

Table with columns for event names and medal counts. Includes entries for Women's 400m, Tennis, Soccer, and others.

Transition

BASEBALL: American League MILWAUKEE—Announced the renewal of its working agreement with the players' union.

Tennis

ANDERS JARRVD (S, Sweden) def. Peter Lundgren (S, Sweden), 6-4, 6-4.

European Soccer

ENGLISH FIRST DIVISION: Luton 2, West Ham 2; Manchester United 2, Westford 0.

Football

WINNIPEG 2, Saskatchewan 0; Hamilton 20, Toronto 25.

Cuban Posters U.S. Contingents in Baseball, Boxing

Compiled by Our Staff From Dispatches
INDIANAPOLIS—Cubans hit Americans hard on the baseball field and in the boxing ring Saturday at the Pan American Games.

Cuba, boosted by seven golds on the penultimate day of the 16-day games, passed Canada for second place in the overall medals count.

Fraser had fretted about calling upon Carpenter, previously unimpaired upon, and the stopper's right arm gave out before he could save the Americans again.

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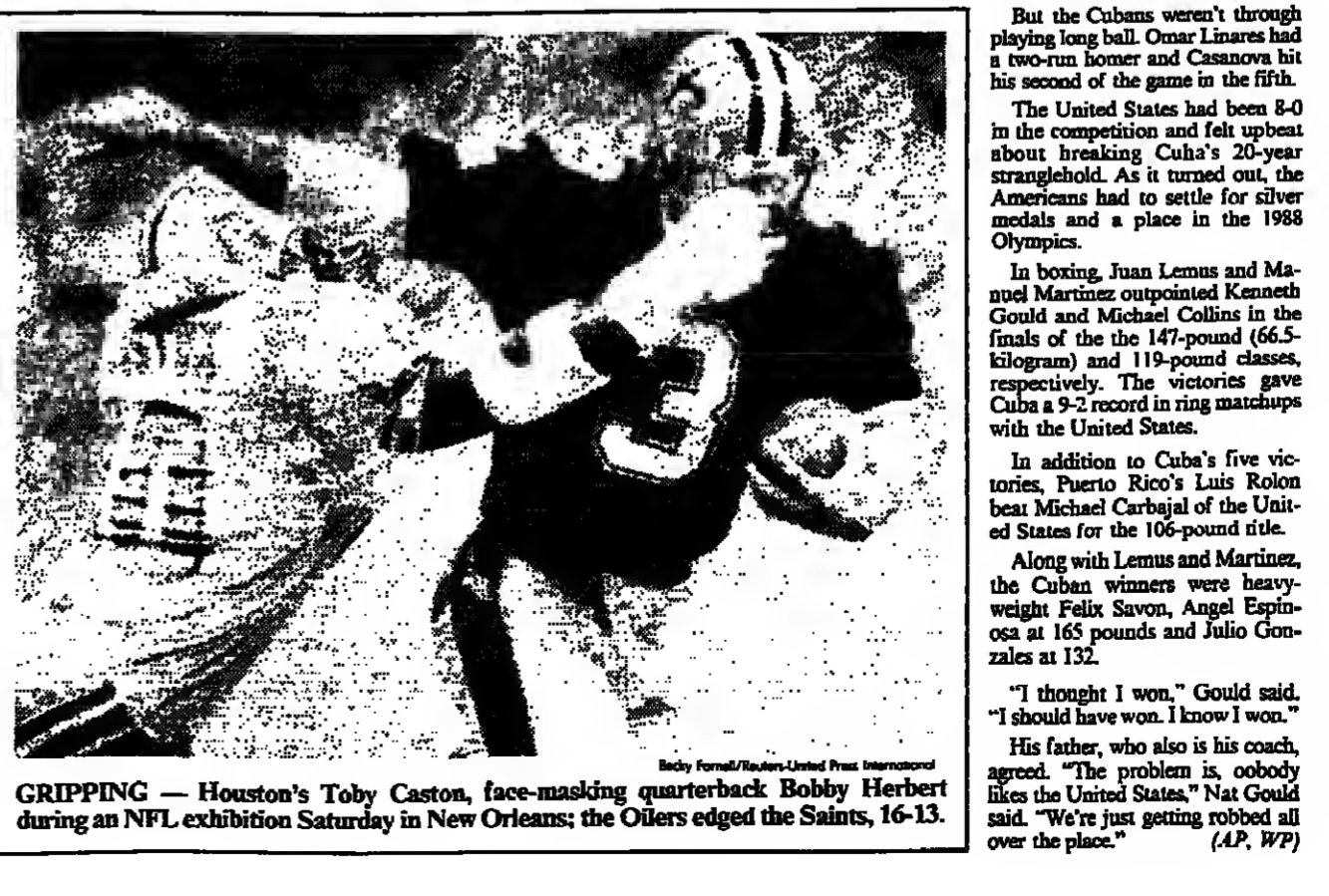
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GRIPPING — Houston's Toby Castro, face-masking quarterback Bobby Herbert during an NFL exhibition Saturday in New Orleans; the Oilers edged the Saints, 16-13.

